



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF EDUCATION

ILLINOIS STATE BOARD OF EDUCATION
Financial Audit For The Year Ended: June 30, 2010
Compliance Examination For the Two Years Ended:
June 30, 2010
Release Date: April 14, 2011

Summary of Findings:

Total this audit:	6
Total last audit:	3
Repeated from last audit:	2

SYNOPSIS

- The Agency did not have a system in place to identify and monitor all statutory mandates that are applicable to the Agency.
- The Agency did not take any actions on the schools identified to have been on academic watch status after three years following placement in such status.
- The Agency did not audit all major systems of internal accounting and administrative control as required by the Fiscal Control and Internal Auditing Act.

{Expenditures and Activity Measures are summarized on the reverse page.}

ILLINOIS STATE BOARD OF EDUCATION
FINANCIAL AUDIT
For the One Year Ended June 30, 2010
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010

EXPENDITURE STATISTICS	2010	2009	2008
Total Expenditures.....	\$ 9,874,174,514	\$ 9,398,772,643	\$ 8,902,623,067
OPERATIONS TOTAL.....	\$ 116,833,861	\$ 106,646,139	\$ 98,274,612
% of Total Expenditures.....	1.2%	1.1%	1.1%
Personal Services.....	30,029,819	29,592,578	28,455,279
Other Payroll Costs (FICA, Retirement).....	7,800,684	8,792,835	7,392,656
All Other Operating Expenditures.....	79,003,358	68,260,726	62,426,677
DISTRIBUTED EXPENDITURES.....	\$ 9,757,340,653	\$ 9,292,126,504	\$ 8,804,348,455
% of Total Expenditures.....	98.8%	98.9%	98.9%
Total Receipts.....	\$ 3,398,325,373	\$ 3,254,511,644	\$ 1,865,474,237
Average Number of Employees.....	491	491	485

SELECTED ACTIVITY MEASURES (unaudited)	2010	2009	2008
Number of Operating School Districts.....	868	869	870
Dropout Rate.....	3.8%	3.5%	4.1%
Attendance Rate.....	93.9%	93.7%	93.3%
Graduation Rate.....	87.8%	87.1%	86.5%
Total Number of Teachers (FTE).....	132,502	133,017	131,488
Students Per Teacher (Elementary).....	18.2	18.4	18.3
Students Per Teacher (Secondary).....	18.2	18.0	18.0
Students Per Administrator.....	203.8	201.8	211.6
Teacher Salary (average).....	\$ 63,296	\$ 61,402	\$ 60,871
Administrator Salary (average).....	\$ 109,091	\$ 106,217	\$ 105,117

AGENCY DIRECTOR	
During Examination Period:	Dr. Christopher Koch, Ed.D
Currently:	Dr. Christopher Koch, Ed.D

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NEED TO IMPROVE CONTROLS OVER STATUTORY
REQUIREMENTS**

**No system to identify and monitor all
applicable laws**

The Agency did not have a system in place to identify and monitor all statutory mandates that are applicable to the Agency.

Management identified laws enacted during fiscal years 2009 and 2010, but was unable to provide a complete list of all applicable laws. (Finding 1, page 12)

We recommended the Agency establish procedures to identify, monitor, and ensure compliance with applicable laws, including designation of responsible parties.

Agency agrees with auditors

Agency management agreed with the recommendation and stated procedures will be established to identify, monitor, and ensure compliance with applicable laws.

SCHOOLS ON ACADEMIC WATCH LIST

**Required action not taken for
schools on academic watch status**

The Agency did not take any actions on the schools identified to have been on academic watch status after three years following placement in such status.

We noted 411 schools in FY09 and 471 schools and 42 school districts in FY10 had been on academic watch status for over three years by the end of the school year. The Agency had taken some remedial steps during the first three years on academic watch status, but had not taken the action required by statute after three years. Agency personnel stated required actions were not taken due to a lack of resources. (Finding 4, page 16)

We recommended the Agency identify, seek, or reallocate resources to ensure compliance with State law.

Agency agrees with auditors

Agency management agreed with the finding and stated the mandate is being evaluated with a possibility of seeking a legislative amendment.

INTERNAL AUDITS NOT COMPLETED

**Failure to perform internal audits of
major systems**

The Agency did not audit all major systems of internal accounting and administrative control as required by the Fiscal Control and Internal Auditing Act.

The Agency completed 2 of 11 and 0 of 16 planned audits during fiscal years 2009 and 2010. Agency personnel stated

the audits were not completed due to lack of sufficient staffing and significant time required addressing the American Recovery and Reinvestment Act of 2009. (Finding 6, page 18) **This finding was first reported in 2006.**

Agency agrees with auditors

We recommended the Agency allocate adequate resources to the Internal Audit Division to ensure audits of major systems are performed biennially as required.

Agency management agreed with the recommendation and stated the agency was in the process of allocating adequate resources to ensure compliance. (For the previous Agency response, see Digest footnote #1.)

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Agency. We will review the Agency's progress towards the implementation of our recommendations in our next engagement.

AUDITORS' OPINION

The auditors stated the financial statements of the Illinois State Board of Education were fairly stated in all material respects as of and for the year ended June 30, 2010.



WILLIAM G. HOLLAND
Auditor General

WGH:lkw

SPECIAL ASSISTANT AUDITORS

Washington, Pittman & McKeever, LLC were our special assistant auditors on this engagement.

DIGEST FOOTNOTES

#1 INTERNAL AUDITS NOT COMPLETED – Previous Agency Response

During fiscal year 2008, Internal Audit staffing consisted of the Chief Internal Auditor, one Principal Auditor, and one support staff. In accordance with the Fiscal Control and Internal Auditing Act (30 ILCS 10/2003), Internal Audit

submitted a two-year plan, identifying audits scheduled for the pending fiscal year [2008] that would allow for audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every 2 years. The 2008 audit plan acknowledges that available staff time was not adequate to perform all audits in the plan.

In addition to Internal Audits, a considerable portion of staff time is spent in the role of audit liaison to the Financial and Compliance auditors, the A-133 auditors, U.S. Department of Education Office of Inspector General auditors, and U.S. Department of Education program offices performing follow-up on Agency findings.

An additional Principal Auditor began working for Internal Audit in October 2008. The addition of this staff member will assist the Agency in meeting the requirements of the Fiscal Control and Internal Auditing Act.