



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF EDUCATION

Compliance Examination
 For the Two Years Ended June 30, 2018

Release Date: June 20, 2019

FINDINGS THIS AUDIT: 11	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2017	18-1		
Category 2:	7	3	10	2016		18-3, 18-4	
Category 3:	0	0	0	2014		18-2	
TOTAL	7	4	11				
FINDINGS LAST AUDIT: 8							

INTRODUCTION

This digest covers our State Compliance Examination of the Illinois State Board of Education (Agency) for the two years ended June 30, 2018. A separate Financial Audit as of and for the year ended June 30, 2018, was previously released on April 4, 2019. In total, this report contains 11 findings, one of which was reported in the Financial Audit.

SYNOPSIS

- **(18-3)** The Agency did not process applications to determine and entitle eligible school districts for school construction project grants.
- **(18-7)** The Agency did not develop and establish a heroin and opioid drug prevention pilot program or comply with reporting requirements in relation to the pilot program.
- **(18-8)** The Agency did not develop a 5-year strategic plan for Evidence Based Funding.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
Total Expenditures.....	\$ 10,460,096,886	\$ 9,761,867,232	\$ 9,353,081,615
Operations Total.....	\$ 112,771,964	\$ 140,954,851	\$ 88,594,114
% of Total Expenditures.....	1.08%	1.44%	0.95%
Personal Services.....	\$ 8,323,558	\$ 8,851,112	\$ 9,122,784
Other Payroll Costs (FICA, Retirement).....	\$ 3,980,303	\$ 6,708,037	\$ 6,784,840
All Other Operating Expenditures.....	\$ 100,468,103	\$ 125,395,702	\$ 72,686,490
Awards and Grants.....	\$ 10,344,765,087	\$ 9,618,443,744	\$ 9,262,500,483
% of Total Expenditures.....	98.89%	98.53%	99.03%
Refunds.....	\$ 1,740,151	\$ 1,614,141	\$ 954,418
% of Total Expenditures.....	0.02%	0.02%	0.01%
Community and Residential Services Authority.....	\$ -	\$ -	\$ 455,950
% of Total Expenditures.....	0.00%	0.00%	0.00%
State Charter School Commission.....	\$ 819,684	\$ 854,496	\$ 576,650
% of Total Expenditures.....	0.01%	0.01%	0.01%
Total Receipts.....	\$ 2,198,897,429	\$ 2,330,383,043	\$ 2,303,819,471
Average Number of Employees (Unaudited).....	379	375	397

SELECTED ACTIVITY MEASURES (Unaudited)	2018	2017	2016
Number of Operating School Districts.....	852	856	855
Dropout Rate.....	2.1%	2.1%	2.0%
Attendance Rate.....	93.9%	94.0%	94.4%
Graduation Rate.....	85.4%	87.0%	85.5%
Total Number of Teachers (FTE).....	128,999	129,575	127,152
Students Per Teachers (Elementary).....	19.0	18.7	18.7
Students Per Administrator.....	180.6	189.6	176.5
Teacher Salary (average).....	\$ 65,721	\$ 64,516	\$ 63,450
Administrator Salary (average).....	\$ 107,279	\$ 106,273	\$ 103,634
Instructional Expenditures Per Pupil	Not available	\$ 8,024	\$ 7,853
Operational Expenditures Per Pupil.....	Not available	\$ 13,337	\$ 12,973

STATE SUPERINTENDENT OF EDUCATION	
During Examination Period:	Tony Smith, Ph.D.
Currently:	Dr. Carmen I. Ayala

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INSUFFICIENT CONTROLS OVER SCHOOL
CONSTRUCTION PROJECTS**

The Agency failed to process applications to determine and entitle eligible districts for school construction project grants.

282 applications received since Fiscal Year 2003 had not been reviewed

We noted the Agency had not reviewed the 282 applications it received from school districts since Fiscal Year 2003 to determine whether the district was eligible and should have been entitled to receive a school construction grant. The process for program grants requires applications from districts with populations not exceeding 500,000 to be submitted, then the Agency is required to review for eligibility, calculate grant indexes, issue entitlements and submit a priority ranking for grants when funds are appropriated.

Agency officials stated due to the lack of an appropriation at the Capital Development Board for school construction grants, they did not find it appropriate or efficient to review applications and entitle districts. The Agency did seek legislative remedy but the Agency's responsibilities to review and approve applications have not been eliminated. (Finding 3, pages 22-23)

We recommended the Agency review applications for school construction projects to calculate grant indexes, issue entitlements, and submit a priority ranking to the Capital Development Board, unless legislation becomes effective that eliminates such responsibility.

Agency agrees with finding

The Agency agreed with the finding and stated they have introduced legislative language in the past to amend the entitlement language in the statute but it was not acted on in past legislative sessions; however, they have introduced language again for the 2019 session.

**NONCOMPLIANCE WITH THE SCHOOL CODE ON
HEROIN AND OPIOID DRUG PREVENTION PILOT
PROGRAM**

Pilot program was not established

The Agency did not develop and establish a heroin and opioid drug prevention pilot program or comply with reporting requirements in relation to the program.

Agency took no actions to develop the 3-year program

The Agency and the Department of Human Services (DHS) were required to develop and establish a 3-year heroin and opioid drug prevention pilot program by January 1, 2017. The Agency assumed DHS would lead the development of the 3-year program and therefore, never acted on developing this program. (Finding 7, pages 29-30)

We recommended the Agency, in conjunction with the Department of Human Services, develop and establish the heroin and opioid drug prevention pilot program and begin submitting the required annual reports to the General Assembly.

Agency agrees with finding

The Agency agreed with the finding and stated they will work with DHS regarding the viability of a pilot program in conjunction with other funded substance use prevention programs already administered by the Department within schools.

FAILURE TO DEVELOP EVIDENCE BASED FUNDING 5-YEAR STRATEGIC PLAN

The Agency did not develop and submit to the Governor and General Assembly a 5-year strategic plan for all school districts receiving funding under evidence based funding.

Strategic plan due January 2018 to help plan for adequacy funding was not developed

The strategic plan is intended to help in planning for adequacy funding and was required to be submitted to the Governor and the General Assembly no later than January 1, 2018. (Finding 8, pages 31-32)

We recommended the Agency submit the 5-year strategic plan to the Governor and General Assembly as soon as possible, or seek legislative remedy.

Agency agrees with finding

The Agency agreed with the finding and stated they will continue to develop a plan that addresses the statutory requirements.

OTHER FINDINGS

The remaining findings relate to a financial statement reporting error, noncompliance with requirements for bullying prevention, various reporting requirements, publishing the evidence based funding distribution schedule, timely notification to the retirement system of felony convictions and insufficient controls over the Illinois Teaching Excellence Program. These findings are reportedly being given attention by Agency personnel. We will review the Agency's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Agency for the two years ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2018-001. Except for the noncompliance described in this finding, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Kerber, Eck & Braeckel, LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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