



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, 2020

Release Date: June 9, 2021

| FINDINGS THIS AUDIT: 26 | AGING SCHEDULE OF REPEATED FINDINGS | | | | | | |
|-------------------------|-------------------------------------|----------|-----------|----------------|------------|------------|------------|
| | New | Repeat | Total | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1: | 6 | 3 | 9 | 2018 | 7, 9 | 5, 6, 8 | |
| Category 2: | 12 | 5 | 17 | 2016 | | 3, 4 | |
| Category 3: | 0 | 0 | 0 | 2014 | 2 | | |
| TOTAL | 18 | 8 | 26 | | | | |
| FINDINGS LAST AUDIT: 11 | | | | | | | |

This digest covers the Illinois State Board of Education’s (Agency) Compliance Examination for the two years ended June 30, 2020. A separate digest covers the Agency’s financial audit covering the year ended June 30, 2020. In total, this report contains 26 findings, 1 of which was reported in the Financial Audit.

SYNOPSIS

- **(20-02)** The Illinois State Board of Education (Agency) did not adequately monitor the implementation of the bullying prevention policies.
- **(20-03)** The Agency failed to process applications to determine and entitle eligible school districts for school construction project grants.
- **(20-07)** The Agency did not provide timely notification to the State’s retirement systems of teachers’ felony convictions.

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.

**ILLINOIS STATE BOARD OF EDUCATION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020**

| EXPENDITURE STATISTICS (expressed in thousands) | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|
| Total Expenditures..... | \$ 11,303,712 | \$ 10,639,115 | \$ 10,460,097 |
| OPERATIONS TOTAL..... | \$ 132,118 | \$ 128,695 | \$ 122,856 |
| % of Total Expenditures..... | 1.17% | 1.21% | 1.17% |
| Personal Services..... | 32,570 | 29,588 | 26,858 |
| Other Payroll Costs (FICA, Retirement)..... | 6,871 | 6,315 | 5,803 |
| All Other Operating Expenditures..... | 92,677 | 92,792 | 90,195 |
| AWARDS AND GRANTS..... | \$ 11,169,189 | \$ 10,508,708 | \$ 10,335,500 |
| % of Total Expenditures..... | 98.81% | 98.77% | 98.81% |
| REFUNDS..... | \$ 2,405 | \$ 1,712 | \$ 1,741 |
| % of Total Expenditures..... | 0.02% | 0.02% | 0.02% |
| Total Receipts..... | \$ 2,269,158 | \$ 2,276,134 | \$ 2,199,026 |
| Average Number of Employees (Unaudited)..... | 435 | 402 | 379 |

| STATE SUPERINTENDENT OF EDUCATION |
|--|
| During Examination Period: Tony Smith, Ph.D. (through 2/22/19); Dr. Carmen I. Ayala (Effective 3/1/19) Currently: Dr. Carmen I. Ayala |

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NONCOMPLIANCE WITH THE SCHOOL CODE ON BULLYING PREVENTION

The Illinois State Board of Education (Agency) did not adequately monitor the implementation of the bullying prevention policies.

During our testing, we noted:

- One of 60 (2%) schools tested did not file with the Agency their policy on bullying.
- Seven of 60 (12%) bullying policies tested lacked the provisions required to be included in the policy.
- Five of 60 (8%) bullying policies on file with the Agency had not been reviewed or re-evaluated recently. These policies were last reviewed or re-evaluated between 923 to 2,135 days after the prior policy review.
- We also noted during testing, the Agency did not have internal controls in place to monitor the implementation of policies created under this mandate. (Finding 1, pages 23-24)

**12% of bullying policies did not
contain required provisions**

**Did not monitor implementation of
bullying prevention policies**

We recommended the Agency implement controls to monitor the bullying prevention policies by each school district, charter school, and non-public, non-sectarian schools to ensure compliance with the bullying prevention requirements of the School Code.

Agency agreed with finding

The Agency agreed with the finding and stated it will improve controls to ensure mandate compliance.

INSUFFICIENT CONTROLS OVER SCHOOL CONSTRUCTION PROJECTS

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

**283 applications received since Fiscal
Year 2003 had not been reviewed**

We noted the Agency had not reviewed the 283 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 (CDB) 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 process of the proposed legislation has not been completed. (Finding 3, pages 25-26)

We recommended the Agency either review applications for school construction projects to calculate grant indexes, issue entitlements, and submit a priority ranking to CDB, or continue to seek legislative remedy.

Agency agreed with finding

The Agency agreed with the finding and stated it will continue to seek legislative remedy to alleviate entitlement of school districts for a School Construction Grant when funds are not appropriated.

FAILURE TO PROVIDE TIMELY NOTIFICATION OF FELONY CONVICTIONS

The Agency did not provide timely notification to the State's retirement systems of teachers' felony convictions.

Unable to provide a population of notifications of felony convictions received during the examination period

During our testing, we requested the Agency provide us a population of all instances in which it learned of teachers' felony convictions during the examination period. In response to our request, the Agency stated that due to the nature of most notifications, detailed records are not maintained. As notifications of convictions come from a variety of sources, including phone calls and media outlets, the Agency has not consistently documented how or when it learned of teachers' felony convictions. The Agency was only able to provide a listing of license forfeitures, suspensions, and revocations during the examination period that resulted from felony convictions.

Due to these conditions, we were unable to conclude the Agency's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Agency's compliance with section 21B-85(b) of the School Code.

Even given the population limitations noted above which hindered our ability to conclude whether the selected sample was representative of the population as a whole, we selected a sample of 25 felony convictions from the listing provided by the Agency and performed testing.

60% of the convictions tested took 31 to 1,1469 days to be communicate to the necessary parties

During our testing, we noted 15 of 25 (60%) convictions tested were not communicated to the necessary parties until 31 to 1,469 days after either the revocation of the teacher's license or formal notice of conviction had been received. (Finding 7, pages 32-34)

We recommended the Agency strengthen its controls to adequately track all instances in which it learns of teachers' felony convictions. Further, we recommended the Agency enhance its controls to timely notify the Board of Trustees of the Teachers' Retirement System of the State of Illinois or the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of the City of Chicago of teachers' felony convictions.

Agency agreed with finding

The Agency agreed with the finding and stated it is proposing legislation to advance to the General Assembly for Spring 2021 session to amend the statute and require that districts – not the Agency – notify the pension systems of any person who is a teacher who has been convicted, either after a bench trial, trial by jury, or plea of guilty, of any offense for which a sentence to death or a term of imprisonment in a penitentiary for one year or more is provided. The Agency further stated the districts already had obligations to report this information per statute and the proposed legislation simply streamlines the reporting by removing the Agency from the process.

OTHER FINDINGS

The remaining 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.

AUDITOR'S OPINION

The financial audit report has been released separately. The auditors stated the financial statements of the Agency as of and for the year ended June 30, 2020, are fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Agency for the two years ended June 30, 2020, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2020-002, 2020-007, 2020-009, 2020-010, 2020-015, 2020-016, 2020-019, 2020-022, and 2020-024. Except for the noncompliance described in these findings, 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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