



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS COMMUNITY COLLEGE BOARD

State Compliance Examination
 For the Two Years Ended June 30, 2025

Release Date: March 17, 2026

FINDINGS THIS AUDIT: 13	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	1	2	2023	1	3, 4, 6, 7, 8, 9, 10, 11	13
Category 2:	2	8	10				
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>				
TOTAL	3	10	13				
FINDINGS LAST AUDIT: 12							

SYNOPSIS

- **(25-1)** The Board did not exercise adequate controls over initiating and monitoring grant agreements.
- **(25-2)** The Board’s internal controls over its receipt processing function were not operating effectively during the examination period.
- **(25-5)** The Board did not maintain adequate controls over the calculation of the State’s Career and Technical Education (CTE) Formula Grant distributed to community college districts.

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.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER INITIATING AND
MONITORING GRANTS**

The Illinois Community College Board (Board) did not exercise adequate controls over initiating and monitoring grant agreements.

We tested 40 grant agreements in effect during Fiscal Years 2024 and 2025 between the Board and various entities representing 33 grant programs. During our testing, we noted the following:

Agreements signed late

- 11 of 40 (28%) grant agreements were not signed prior to the start of the grant period. The grants were signed between 31 and 149 days from grant execution date.
- 1 of 40 (3%) grant agreements did not contain a provision that all funds remaining at the end of the grant agreement or at the expiration of the period grant funds are available for expenditure or obligation shall be returned to the State within 45 days.
- 16 of 40 (40%) grant agreements did not contain the certification that the funds shall be used only for the purposes described in the grant agreement and that the award of grant funds is conditioned upon such certification.

Inconsistent grant agreement dates

- 3 of 40 (8%) grant agreements contained dates that were inconsistent with the term dates under the Pre-Award Costs provisions.
- For 2 of 40 (5%) grant agreements, the financial reports submitted by the grantee did not contain the certification required by the grant agreement.
- For 1 of 40 (3%) grant agreements, the Board did not process the voucher for distribution of the grant.

Grantees did not provide required documentation

- For 19 of 40 (48%) grant agreements, the grantees either did not provide required documentation to the Board, the required reporting did not meet the timeframes and/or specifications outlined in the grant agreement, or documentation was not retained by the Board to demonstrate the required documentation was received and met all related requirements.

In addition, we performed testing of unused grant funds and noted the following:

- Of the 40 grant agreement samples tested above, there were 27 grant agreements that closed or ended during Fiscal Years 2024 and 2025 where the Board was a grantor:

Unused grant funds were not returned to the Board or returned late

- For one (4%) grant tested, \$703 of the grant was not returned by the grantee to the Board after the end of the grant period.
 - For two (7%) grants tested, unused funds totaling \$70,893 were returned by the grantee to the Board one and 14 days late.
- There were nine grant agreements that closed or ended during Fiscal Years 2024 and 2025 where the Board was a grantee:

The Board did not return or returned unused grant funds late

- For one (11%) grant tested, unused funds amounting to \$4,839 was not returned by the Board to the grantee after the end of the grant period.
- For one (11%) grant tested, unused funds amounting to \$3,233 was returned by the Board 151 days late. (Finding 1, pages 11-14)

We recommended the Board ensure grant application and budget deadlines and agreement start dates allow sufficient time for approval of grant agreements by all parties prior to the effective date. We further recommended the Board implement and enforce internal controls to ensure grant agreements are accurate and contain required provisions and all reporting requirements are adhered to by the grantees. Finally, we recommended the Board strengthen its procedures to enforce the timely return of unused grant funds and comply with the Grant Funds Recovery Act.

Board agreed

The Board concurred with the finding and stated it has implemented procedures to ensure grant applications and budget timelines provide sufficient time for full execution of grant agreements prior to the effective date. Additionally, the Board stated that standardized templates, enhanced monitoring, and improved procedures have been implemented to ensure agreements contain required provisions and that grantee reporting requirements are met. Finally, the Board stated it has also enhanced procedures to ensure the timely recovery of unused grant funds and compliance with the Grant Funds Recovery Act.

RECEIPT PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY

The Board's internal controls over its receipt processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology (DoIT), we were able to limit our receipt testing at the Board to determine whether certain key attributes were properly entered by the

Board's staff into the ERP System. In order to determine the operating effectiveness of the Board's internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested during the receipts testing were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code. In addition, the attributes tested during the refund receipts testing were (1) amount, (2) date of receipt, (3) date deposited, and (4) offset against the correct appropriation code.

Erroneous entry of attributes into the ERP system

Our testing of receipts noted 27 of 140 (19%) attributes were not properly entered into the ERP System. In addition, 19 of 28 (68%) and 3 of 28 (11%) receipts tested did not include any documentation evidencing the deposit date and date of receipt, respectively. Hence, we were unable to determine the accuracy and basis of the entry of deposit date into the ERP System nor determine the date of receipt. Finally, for 3 of 28 (11%) receipts tested, the incorrect receipt account code was used in the Receipts Deposit Transmittal Form.

Board did not document date of receipt

Further, our testing of refund receipts noted 35 of 140 (25%) attributes were not properly entered into the ERP System. In addition, 4 of the 35 (11%) refund receipts tested did not include any documentation evidencing the date of receipt. Hence, we were unable to determine the date of receipt.

Therefore, the Board's internal controls over receipt processing **were not operating effectively**.

In addition, the Board's receipts data did not document the date on which the payment was received for 8,883 of 10,679 (83%) receipts. As such, we were unable to determine whether the Board deposited the receipts timely.

As a result of the issues noted, we did not attempt to test timeliness of the Board's remaining 1,796 receipts. (Finding 2, pages 15-16)

We recommended the Board design and maintain internal controls to provide assurance its data entry of key attributes into the ERP System is complete and accurate.

Board agreed

The Board concurred with the finding and stated it has taken corrective actions to strengthen compliance with applicable statutes by implementing revised procedures and targeted staff training to ensure accuracy and completeness of ERP data entry and supporting records.

WEAKNESS IN STATE CTE GRANT CALCULATION

The Board did not maintain adequate controls over the calculation of the State's Career and Technical Education

(CTE) Formula Grant distributed to community college districts.

Inaccurate formula used

During our testing, we noted the Board’s basis of allocation for the CTE Formula Grant for Fiscal Year 2025 was inaccurate.

Formula errors resulted in both underpayments and overpayments

The allocation methodology used by the Board is equal to the higher of the most recent certified hours or the past three years’ average credit hours. We found that the Board incorrectly used the higher of the 2021 credit hours or the past three years’ average credit hours instead of the higher of the 2023 credit hours (the most recent certified hours) or the past three years’ average credit hours. This resulted in underpayments ranging from \$365 to \$53,856 or overpayments ranging from \$1,534 to \$56,763 to 39 community college districts. (Finding 5, pages 22-23)

We recommended the Board implement controls to ensure accurate documentation is maintained to support its distribution of State CTE Formula Grant funds.

Board agreed

The Board concurred with the finding and stated it has implemented procedures to ensure allocation workbooks are supported by documented methodologies, validated source data, and secondary review. Management also responded that grant calculations are now independently verified prior to final distribution.

OTHER FINDINGS

The remaining findings pertain to voucher processing weaknesses, monthly reconciliations, controls over reporting, contractual and interagency agreements, enforcing reporting requirements, personal services, cybersecurity programs and practices, contingency planning, user access rights, and Board member vacancies. We will review the Board’s progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT’S OPINION

The accountants conducted a State compliance examination of the Board for the two years ended June 30, 2025 as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2025-001 and 2025-002. Except for the noncompliance described in these findings, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Adelfia LLC.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
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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