



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF EDUCATION

Financial Audit For the Year Ended June 30, 2014

Release Date: March 12, 2015

Compliance Examination For the Two Years Ended June 30, 2014

FINDINGS THIS AUDIT: 6	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2012		14-6	14-2
Category 2:	2	2	4	2000		14-1	
Category 3:	<u>1</u>	<u>1</u>	<u>2</u>				
TOTAL	3	3	6				
FINDINGS LAST AUDIT: 10							

SYNOPSIS

- (14-3) The Board did not adequately monitor the implementation of bullying prevention policies.
- (14-4) A School Security and Standards Task Force had not been created within the Board.
- (14-6) The Board failed to include required information in its Annual Report.

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
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Years Ended June 30, 2014**

EXPENDITURE STATISTICS	2014	2013	2012
Total Expenditures	\$ 9,005,212,882	\$ 8,744,800,782	\$ 8,970,254,850
Operations Total.....	\$ 107,081,557	\$ 97,238,989	\$ 95,785,139
% of Total Expenditures.....	1.2%	1.1%	1.1%
Personal Services.....	\$ 28,754,628	\$ 28,807,533	\$ 30,399,518
Other Payroll Costs (FICA, Retirement).....	\$ 9,334,191	\$ 8,897,639	\$ 8,192,824
All Other Operating Expenditures.....	\$ 68,992,738	\$ 59,533,817	\$ 56,304,096
Awards and Grants.....	\$ 8,896,255,515	\$ 8,646,049,816	\$ 8,869,942,525
% of Total Expenditures.....	98.8%	98.9%	98.9%
Refunds.....	\$ 791,533	\$ 931,588	\$ 4,937,557
% of Total Expenditures.....	0.0%	0.0%	0.0%
Community and Residential Services Authority.....	\$ 534,163	\$ 499,153	\$ 478,330
% of Total Expenditures.....	0.0%	0.0%	0.0%
State Charter School Commission.....	\$ 550,114	\$ 81,236	\$ -
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts	\$ 2,353,204,979	\$ 2,117,498,527	\$ 2,283,097,724
Average Number of Employees (Unaudited)	440	453	452

SELECTED ACTIVITY MEASURES (Unaudited)	2014	2013	2012
Number of Operating School Districts.....	863	863	866
Dropout Rate.....	2.2%	2.4%	2.5%
Attendance Rate.....	94.5%	94.2%	94.4%
Graduation Rate.....	86.0%	83.2%	82.3%
Total Number of Teachers (FTE).....	130,066	127,830	127,830
Students Per Teachers (Elementary).....	18.6	18.7	18.9
Students Per Administrator.....	189.5	204.7	205.0
Teacher Salary (average).....	\$ 62,435	Not available	\$ 66,614
Administrator Salary (average).....	\$ 101,096	Not available	\$ 110,870
Instructional Expenditures Per Pupil	\$ 7,094	\$ 6,974	\$ 6,824
Operational Expenditures Per Pupil.....	\$ 12,045	\$ 11,842	\$ 11,664

STATE SUPERINTENDENT OF EDUCATION	
During Examination Period:	Dr. Christopher Koch, Ed.D.
Currently:	Dr. Christopher Koch, Ed.D.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE MONITORING OF BULLYING
PREVENTION POLICY IMPLEMENTATION**

The Board did not adequately monitor the implementation of bullying prevention policies.

Bullying policies were not filed with the Board

We noted none of the 163 non-public, non-sectarian Illinois schools and 1 of 886 school districts had not filed their policy on bullying with the Board. (Finding 3, pages 17-18).

We recommended the Board implement procedures to adequately monitor the implementation of bullying prevention policies to ensure compliance with the School Code.

Board agrees with the auditors

The Board agreed with the finding and responded that responsibility for collecting bullying policies has been specifically assigned to ensure successful monitoring and oversight of the program.

**FAILURE TO ESTABLISH A SCHOOL SECURITY
AND STANDARDS TASK FORCE**

Task Force was not established

The Board did not create a 14-member School Security and Standards Task Force to make recommendations for legislative changes and model school security plan policies. The required appointments of eight members had not been made by the Governor's Office prior to the mandate's January 2014 automatic repeal. The legislation was subsequently re-filed and approved with a July 2015 repeal date. (Finding 4, pages 19-20)

Appointments were not made

We recommended the Board work with the Governor's Office to make appointments to create the Task Force, and to ensure compliance with the provisions of the School Code.

Board agrees with the auditors

Board officials agreed with the finding and stated that with the transition to a new governor, legislation will be pursued this spring to re-establish the Task Force with new appointees. Board officials also stated staff will monitor the legislation to ensure smooth implementation and quick establishment of the Task Force.

**REQUIRED INFORMATION EXCLUDED FROM
ANNUAL REPORT**

Report excluded district corrective action and statistical data

The Board failed to include required information in its Annual Report, including school district corrective actions for compliance violations, bilingual program exit data, and the number of male and female teachers. (Finding 6, pages 23-24)
This finding has been repeated since 2012.

We recommended the Board implement procedures to ensure that all required information is included in the Annual Report and checked for accuracy prior to filing.

Board agrees with the auditors

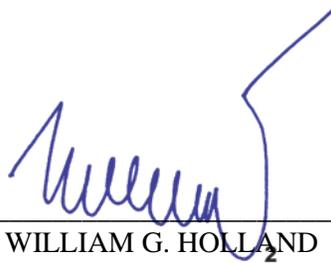
Board management agreed with the finding and stated they have assigned responsibility for each required data element and for checking data accuracy and completeness. *(For the previous Board response, see Digest Footnote #1.)*

OTHER FINDINGS

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

AUDITOR'S OPINION

Our special assistant auditors stated that the Board's financial statements of the governmental activities, the major fund, and the aggregate remaining fund information, as of and for the year ended June 30, 2014, are fairly stated in all material respects.



A handwritten signature in blue ink, appearing to read 'William G. Holland', is written over a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND
Auditor General

WGH:lw

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this audit were E.C. Ortiz & Co., LLP.

DIGEST FOOTNOTES

#1 - Required Information Excluded from Annual Report - Previous Board Response

2013 - The Agency agrees with the finding. Agency personnel will perform additional reviews of the Annual Report prior to its release to ensure the data presented is accurate.