



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, 2016

Release Date: May 11, 2017

| FINDINGS THIS AUDIT: 7 | AGING SCHEDULE OF REPEATED FINDINGS | | | | | | |
|------------------------|-------------------------------------|----------|----------|----------------|------------|------------|------------|
| | New | Repeat | Total | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1: | 0 | 0 | 0 | 2014 | | 16-1 | |
| Category 2: | 6 | 1 | 7 | | | | |
| Category 3: | <u>0</u> | <u>0</u> | <u>0</u> | | | | |
| TOTAL | 6 | 1 | 7 | | | | |
| FINDINGS LAST AUDIT: 6 | | | | | | | |

SYNOPSIS

- (16-1) The implementation of bullying prevention policies was not adequately monitored.
- (16-2) The Agency did not process applications to determine and entitle eligible school districts for school construction project grants.
- (16-3) A multiple measure index and correlating annual measurable objectives were not established for each public school in the State of Illinois.

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, 2016**

| EXPENDITURE STATISTICS | 2016 | 2015 | 2014 |
|---|-------------------------|-------------------------|-------------------------|
| Total Expenditures..... | \$ 9,353,081,615 | \$ 8,925,639,463 | \$ 9,005,212,882 |
| Operations Total..... | \$ 88,594,114 | \$ 115,039,090 | \$ 108,236,917 |
| % of Total Expenditures..... | 0.94% | 1.28% | 1.20% |
| Personal Services..... | \$ 9,122,784 | \$ 24,811,110 | \$ 10,571,956 |
| Other Payroll Costs (FICA, Retirement)..... | \$ 6,784,840 | \$ 7,120,253 | \$ 7,407,934 |
| All Other Operating Expenditures..... | \$ 72,686,490 | \$ 83,107,727 | \$ 90,257,027 |
| Awards and Grants..... | \$ 9,262,500,483 | \$ 8,808,957,389 | \$ 8,895,101,630 |
| % of Total Expenditures..... | 99.03% | 98.69% | 98.77% |
| Refunds..... | \$ 954,418 | \$ 565,108 | \$ 790,058 |
| % of Total Expenditures..... | 0.01% | 0.01% | 0.01% |
| Community and Residential Services Authority..... | \$ 455,950 | \$ 477,901 | \$ 534,163 |
| % of Total Expenditures..... | 0.01% | 0.01% | 0.01% |
| State Charter School Commission..... | \$ 576,650 | \$ 599,975 | \$ 550,114 |
| % of Total Expenditures..... | 0.01% | 0.01% | 0.01% |
| Total Receipts..... | \$ 2,303,819,471 | \$ 2,178,732,658 | \$ 2,353,204,979 |
| Average Number of Employees (Unaudited)..... | 397 | 419 | 436 |

| SELECTED ACTIVITY MEASURES (Unaudited) | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|
| Number of Operating School Districts..... | 855 | 859 | 863 |
| Dropout Rate..... | 2.0% | 2.3% | 2.2% |
| Attendance Rate..... | 94.4% | 94.2% | 94.5% |
| Graduation Rate..... | 85.5% | 85.6% | 86.0% |
| Total Number of Teachers (FTE)..... | 127,152 | 129,668 | 130,066 |
| Students Per Teachers (Elementary)..... | 18.7 | 18.5 | 18.6 |
| Students Per Administrator..... | 176.5 | 173.3 | 189.5 |
| Teacher Salary (average)..... | \$ 63,450 | \$ 62,609 | \$ 62,435 |
| Administrator Salary (average)..... | \$ 103,634 | \$ 100,720 | \$ 101,096 |
| Instructional Expenditures Per Pupil | \$ 7,712 | \$ 7,419 | \$ 7,094 |
| Operational Expenditures Per Pupil..... | \$ 12,821 | \$ 12,521 | \$ 12,045 |

| STATE SUPERINTENDENT OF EDUCATION | |
|--|-----------------------|
| During Examination Period: | Dr. Tony Smith, Ph.D. |
| Currently: | Dr. Tony Smith, Ph.D. |

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NONCOMPLIANCE WITH THE SCHOOL CODE ON BULLYING PREVENTION

The Agency did not adequately monitor the implementation of bullying prevention policies. We noted:

Over 70% of schools failed to file their bullying policy with the Agency

83% of policies on bullying we tested lacked required provisions

- Forty-four of 62 charter schools (71%), and 248 of 300 non-public, non-sectarian schools (83%) did not file with the Agency their policy on bullying.
- Five of six (83%) bullying prevention policies we reviewed lacked the provisions required to be included in the policy.
- Four of the 853 (0.5%) school districts did not submit their revised policy. (Finding 1, pages 16-17).

The auditors recommended the Agency strengthen its processes and procedures to adequately monitor the implementation of 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 agrees with finding

Agency management agreed with the finding and responded they would reinforce guidance on required components of a school's bullying policy and continue to strengthen the Agency's monitoring.

INSUFFICIENT CONTROLS OVER SCHOOL CONSTRUCTION PROGRAM

280 applications received since Fiscal Year 2003 had not been reviewed

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

We noted the Agency had not reviewed the 280 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.

Agency officials stated the lack of an appropriation at the Capital Development Board for program grants to districts with populations not exceeding 500,000 would have resulted in an entitled district not receiving grant funds. Officials also stated entitlement of districts would have created an undue hardship for entitled districts to annually update applications until an appropriation was provided. (Finding 2, pages 18-19)

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

Agency agrees with finding

Agency officials agreed with the finding and stated they would seek a legislative remedy.

MULTIPLE MEASURE INDEX AND ANNUAL MEASURABLE OBJECTIVES NOT ESTABLISHED

Measurable objectives were not established for public schools

The Agency did not establish a multiple measure index and correlating annual measurable objectives for each public school in the State of Illinois.

During our testing, we noted no revised annual measurable objectives were proved by the Agency to all schools beginning in 2015, which included annual targets for progress of each school's multiple measure indexes. (Finding 3, pages 20-21)

We recommended the Agency comply with statutory requirements and develop the required multiple measure index and annual measurable objectives for each school in the State or seek legislative changes.

Agency agrees with finding

Agency management agreed with the finding and stated they would seek legislative changes upon completion and approval of the state plan to implement the Every Student Succeeds Act.

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.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Agency for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by E.C. Ortiz & Co., LLP.

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BRUCE L. BULLARD
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

FJM:lkw