



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF EDUCATION

**Financial Audit
 For the Year Ended June 30, 2019**

Release Date: January 30, 2020

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2017	1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

This report contains only results pertaining to the Financial Statement Audit and agreed-upon procedures for the Illinois State Board of Education (Agency) for the year ended June 30, 2019. Our next engagement will include a financial audit for the year ended June 30, 2020 and a compliance examination for the two years ending June 30, 2020.

SYNOPSIS

- **(19-01)** The Agency did not maintain sufficient controls over financial reporting to ensure the financial statements were complete and accurate.

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.

{Financial data is summarized on next page.}

ILLINOIS STATE BOARD OF EDUCATION
FINANCIAL AUDIT
For the Year Ended June 30, 2019

Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balances (In Thousands)	FY 2019	FY 2018
PROGRAM REVENUES		
General Fund.....	\$ 0	\$ 0
Other Funds.....	2,279,974	2,279,362
Total Program Revenues.....	<u>2,279,974</u>	<u>2,279,362</u>
EXPENDITURES		
General Fund.....	7,805,305	7,602,549
Other Funds.....	2,973,119	2,901,199
Total Expenditures.....	<u>10,778,424</u>	<u>10,503,748</u>
GENERAL REVENUES.....	<u>333</u>	<u>91</u>
OTHER SOURCES (USES)		
Appropriations from State resources.....	8,532,151	8,269,877
Lapsed appropriations.....	(15,969)	(15,945)
Receipts collected and transmitted to State Treasury.....	(14,521)	(12,082)
Reappropriations.....	(85,710)	(4,391)
Transfers-out.....	0	(1,600)
Amount of SAMS Transfers-out.....	203	85
Capital lease financing.....	17	55
Net Other Sources (Uses) of Financial Resources.....	<u>8,416,171</u>	<u>8,235,999</u>
CHANGE IN FUND BALANCES.....	<u>\$ (81,946)</u>	<u>\$ 17,233</u>
Statement of Net Position and Governmental Funds Balance Sheet (In Thousands)		
	FY 2019	FY 2018
ASSETS		
Cash and cash equivalents.....	\$ 28,429	\$ 23,062
Accounts receivable (includes State and other governments).....	434,333	409,686
All other assets.....	345,267	451,775
Total Assets.....	<u>\$ 808,029</u>	<u>\$ 884,523</u>
LIABILITIES		
Accounts payable and accrued liabilities.....	\$ 58,245	\$ 86,142
Due to local governments.....	1,556,267	1,556,642
All other liabilities.....	16,942	20,592
Total liabilities.....	<u>1,631,454</u>	<u>1,663,376</u>
DEFERRED INFLOWS OF RESOURCES.....	<u>105,645</u>	<u>68,063</u>
TOTAL FUND DEFICIT.....	<u>\$ (929,070)</u>	<u>\$ (846,916)</u>
STATE SUPERINTENDENT OF EDUCATION		
During Audit Period: Tony Smith, Ph.D. (Through 2/22/19); Dr. Carmen I. Ayala (Effective 3/1/19)		
Currently: Dr. Carmen I. Ayala		

FINDING, CONCLUSION, AND RECOMMENDATION

FINANCIAL STATEMENT REPORTING ERROR

The Illinois State Board of Education (Agency) did not maintain sufficient controls over financial reporting to ensure the financial statements were complete and accurate.

\$56.3 million improperly reported

The Agency improperly reported reappropriations of \$56.3 million as lapsed appropriations. Additionally, the Agency improperly excluded the Capital Development Fund, which had no activity, from the Agency’s financial statements. This fund had appropriations and reappropriations of \$25 million each, netting to a zero fund balance. These misstatements were identified during the financial audit and subsequently corrected by Agency personnel. (Finding 1, pages 59-60) **This finding has been repeated since 2017.**

We recommended the Agency exercise due care to identify misstatements during the financial statement preparation and review process.

Agency agreed with auditors

The Agency agreed with the finding and stated they will perform additional planning steps specific to financial statement preparation with a goal of sharing context for each significant fund.

We will review the Agency’s progress towards the implementation of our recommendation in our next audit.

AUDITOR’S OPINION

The auditors stated the financial statements of the Agency as of and for the year ended June 30, 2019 are fairly stated in all material respects.

This financial audit 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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