



**STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION**

STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2024

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois



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STATE OF ILLINOIS
STATE BOARD OF EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

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AGENCY OFFICIALS

State Superintendent of Education (02/23/23 – Present)	Dr. Tony Sanders
State Superintendent of Education (Interim) (02/01/23 – 02/22/23)	Krish Mohip
State Superintendent of Education (Through 01/31/23)	Dr. Carmen I. Ayala
Chief of Staff	Dr. Kimako Patterson
Chief Legal Officer (10/01/23 – Present)	Kristen Kennedy
Interim Chief Legal Officer (07/01/23 – 09/30/23)	Kristen Kennedy
Legal Officer (Through 06/30/23)	Jeremy Duffy
Chief Internal Audit Officer	Tassi Maton
Chief Education Officer – Instruction (07/01/23 – Present)	Jason Helfer, Ph.D.
Chief Education Officer – Operations (05/28/24 – Present)	Jennifer Saba
Chief Education Officer – Operations (07/01/23 – 06/28/24)	Krish Mohip
Education Officer (Through 09/23/22)	Dr. Ernesto Matias
Chief Financial Officer (04/17/23 – Present)	Dr. Matthew Seaton
Financial Officer (Interim) (02/15/23 – 04/30/23)	Scott Harry
Financial Officer (02/11/23 – 02/14/23)	Vacant
Financial Officer (Through 02/10/23)	Robert Wolfe
Chief Operating Officer	Melissa Oller
Chief Policy & Communications Officer	Irma Snopek
Chief Information Officer	Edobor Efam
Chief Advisor to Early Childhood Transition (11/06/23 – Present)	Ann Whalen
Chief Advisor to Early Childhood Transition (07/01/23-11/05/23)	Vacant
Research & Evaluation Officer (Interim) (03/01/23 – 06/30/23)	Dr. Melissa DiGangi
Research & Evaluation Officer (Through 03/06/23)	Dr. Brenda M. Dixon

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BOARD OFFICERS

Chairperson (09/16/22 – Present)	Dr. Steven Isoye
Chairperson (08/01/22 – 09/15/22)	Vacant
Chairperson (Through 07/31/22)	Dr. Darren Reisberg
Vice-Chairperson	Dr. Donna S. Leak
Secretary (02/16/23 – Present)	Dr. Christine Benson
Secretary (Through 01/18/23)	Jaime Guzman

GOVERNING BOARD MEMBERS

Member (01/19/23 – Present)	Dr. James D. Anderson
Member (Through 01/18/23)	Dr. David Lett
Member (01/23/23 – Present)	Dr. Patricia Marie Nugent
Member (Through 01/23/23)	Susie Morrison
Member (01/13/23 – Present)	Dr. Anna Grassellino
Member (Through 01/12/23)	Vacant
Member	Roger Eddy
Member (07/21/23 – Present)	Laura Gonzalez
Member (03/13/23 – 07/20/23)	Vacant
Member (Through 03/12/23)	Dr. Nike Vielle
Member (06/26/23 – Present)	Dr. Sherly Chavarria
Member (01/19/23 – 06/25/23)	Vacant
Member (Through 01/18/23)	Jaime Guzman

AGENCY OFFICES

The Illinois State Board of Education’s primary administrative offices are located at:

Chicago Location
555 W. Monroe Street, Suite 900
Chicago, Illinois 60661

Alzina Building
100 N. First Street
Springfield, Illinois 62777

MANAGEMENT ASSERTION LETTER

April 11, 2025

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois State Board of Education (Agency). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following specified requirements during the two- year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Agency has materially complied with the specified requirements listed below.

- A. The Agency has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Agency has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Agency on behalf of the State or held in trust by the Agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Illinois State Board of Education

SIGNED ORIGINAL ON FILE

Dr. Tony Sanders, State Superintendent of Education

SIGNED ORIGINAL ON FILE

Dr. Matthew Seaton, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Kristen Kennedy, Chief Legal Officer

STATE OF ILLINOIS
STATE BOARD OF EDUCATION
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STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

	<u>Current Report</u>	<u>2023 Report</u>	<u>2022 Report</u>
GAS Findings	2	1	3
State Compliance Findings	9	N/A	12
Total Findings	11	1	15
GAS New Findings	1	1	3
GAS Repeated Findings	1	N/A	N/A
GAS Not Repeated Findings	N/A	3	2
State Compliance New Findings	5	N/A	6
State Compliance Repeated Findings	4	N/A	6
State Compliance Not Repeated Findings	10	N/A	21

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	12	2023/2020	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Significant Deficiency and Noncompliance

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SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2024-002	15	NEW	Inadequate Controls over Information Technology General Controls	Significant Deficiency and Noncompliance
2024-003	18	2022/2020	Insufficient Controls over Professional Educator Licensure	Material Weakness and Material Noncompliance
2024-004	19	2022/2020	Insufficient Controls over Surveys of Learning Conditions	Material Weakness and Material Noncompliance
2024-005	20	2022/2022	Failure to Update Administrative Rules for Class Size Reduction Funding Programs	Significant Deficiency and Noncompliance
2024-006	21	NEW	Noncompliance with the Ensuring Success in School Task Force Appointment Requirements	Significant Deficiency and Noncompliance
2024-007	23	2022/2022	Inadequate Controls over Cybersecurity	Significant Deficiency and Noncompliance
2024-008	25	NEW	Inadequate controls over Data Wiping	Significant Deficiency and Noncompliance
2024-009	26	NEW	Property and Equipment Control Weaknesses	Significant Deficiency and Noncompliance
2024-010	28	NEW	Voucher Processing Weaknesses	Significant Deficiency and Noncompliance

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SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2024-011	30	NEW	Inadequate Controls over Telecommunication Devices	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	31	2022/2022	Financial Statement Reporting Error	
B	31	2022/2021	Failure to Reassess CWI Contained within the EBF Formula	
C	31	2022/2022	Inadequate Controls over Change Management	
D	32	2022/2018	Noncompliance with Department of Transitional Bilingual Education Reporting Requirements	
E	32	2022/2020	Noncompliance with Strategic Plan Requirements	
F	32	2022/2020	Insufficient Controls over Termination and Review of Employee Access	
G	32	2022/2022	Noncompliance with the Student Online Personal Protection Act	
H	33	2022/2022	Failure to Update Interest Rates for Loans Issued Under the School Technology Revolving Loan Program	
I	33	2022/2022	Inadequate Control over Agency Workforce Reports	
J	33	2022/2022	Inadequate Security Controls	

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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on April 9, 2025.

Attending were:

Illinois State Board of Education

Dr. Tony Sanders, State Superintendent
Tassi Maton, Chief Internal Audit Officer
Kristen Kennedy, Chief Legal Officer
Irma Snopak, Chief Policy & Communications Officer
Miguel Calderon, Chief Operating Officer
Jennifer Saba, Chief Education Officer-Operations
Joyce Gronewold, Executive Director of Specialized Instruction
Ronda Dawson, Executive Director of Teaching and Learning
Regina Toland, Director of Fiscal Support Services
David Williams, Director of Technology Support and Infrastructure
Sarah Bricker, Director of Human Resources
Dr. Nakia Douglas, Director of Special Education
Erica Thieman, Director of CTE
Jason Perry, Director of Procurement Services
David Moser, Director of Facility Management
Crystal Strohkirch, Educator Effectiveness Supervisor
Matthew Ulmer, Internal Auditor III

Office of the Auditor General

Lisa Warden, Audit Manager

Sikich CPA, LLC

Amy Sherwood, Principal
Danielle Caldwell, Senior Manager
Shannon Leach, Manager

The responses to the recommendations were provided by Matthew Ulmer, Internal Auditor III, in a correspondence dated April 10, 2025.

3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

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**INDEPENDENT ACCOUNTANT’S REPORT ON STATE
COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board Members of the
State of Illinois, Illinois State Board of Education

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois State Board of Education (Agency) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2024. Management of the Agency is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Agency’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Agency has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Agency has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Agency on behalf of the State or held in trust by the Agency have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Agency's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Agency during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as items 2024-003 and 2024-004, the Agency had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Agency complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2024-001, 2024-002, and 2024-005 through 2024-011.

The Agency's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Agency's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Agency's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Agency's compliance with the specified requirements and to test and report on the Agency's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-003 and 2024-004 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-001, 2024-002 and 2024-005 through 2024-0011 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Agency's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Agency's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
April 11, 2025

STATE OF ILLINOIS
ILLINOIS STATE BOARD OF EDUCATION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over Service Providers)

The Illinois State Board of Education (Agency) had not implemented adequate controls over its service providers.

The Agency utilized service providers for hosting services, credit card processing, and software as a service. We tested 14 service providers, noting the following:

- A documented agreement was not in place for one (7%) service provider.
- A requirement for a System and Organization Controls (SOC) report was not outlined in either a contract, or an addendum to a purchase order, for six (43%) service providers.
- An appropriate SOC report was not received by the Agency for one (7%) service provider. Thus, an adequate review of the testing performed and conclusions reached by the service provider's auditor could not be performed.
- The Agency did not obtain a complete SOC report for one (7%) service provider. Therefore, an adequate assessment of the SOC report could not be completed.
- The period covered by the SOC report and any subsequent bridge letter obtained for seven (50%) service providers did not cover part or all of the audit period.
- The Agency did not perform a full review of the subservice organizations for two (14%) service providers.
- The Complimentary User Entity Controls (CUECs) listed in the SOC report and which were applicable to the Agency were not adequately reviewed by the Agency for one (7%) service provider.
- The deviations noted within the SOC report were not adequately reviewed by the Agency for four (29%) service providers.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Provision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained through SOC reports.

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2024-001. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over Service Providers) (Continued)

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal administrative controls, to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and appropriation.

Agency officials indicated exceptions were due to lack of adequate staffing resources to complete the required procedures, as well as a lack of controls in place to ensure SOC reports were adequately identified, contracted for, reviewed, assessed and results addressed.

Without adequately controlling its use of service providers, the Agency does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2024-001, 2023-001, 2022-009, 2020-026)

RECOMMENDATION

We recommend the Agency:

- Ensure all service providers have a documented agreement in place.
- Develop and implement procedures for ensuring a SOC report requirement is present in a contract or within an addendum to a purchase order.
- Obtain and review complete and appropriate SOC reports or conduct independent internal control review at least annually.
- Monitor and adequately document the operation of the CUECs and subservice organizations related to the Agency's operations.
- Conduct an analysis to determine the impact of noted deviations to the Agency's operations.
- Develop and implement procedures for ensuring SOC reports and/or corresponding bridge letters cover the entire audit period.

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2024-001. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over Service Providers) (Continued)

AGENCY RESPONSE

The Agency agrees with the finding. The employee tasked with reviewing SOC reports has been updated on the lack of adequate controls and will adjust the relevant processes to:

- Ensure service providers have a documented agreement in place.
- Ensure SOC report requirements are present in the relevant terms and conditions for contracts and purchase orders.
- Obtain and adequately review complete and appropriate SOC reports for service providers.
- Monitor and adequately document the operation of the CUECs and subservice organizations.
- Conduct appropriate analyses to determine the impact of noted deviations on the Agency's operations.
- Ensure SOC reports and/or corresponding bridge letters cover the entire audit period.

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2024-002. **FINDING** (Inadequate Controls over Information Technology General Controls)

The Illinois State Board of Education (Agency) failed to maintain adequate general information technology internal controls over its applications.

To determine whether internal controls over applications and data used to fulfill the Agency's mission and provide accountability were appropriate, auditors tested information technology general controls (ITGCs) for 13 Agency applications assessed to have a material impact to the Agency's financial information and/or operations. ITGCs help prevent unauthorized access, data breaches, and operational disruptions and include software implementation, user account creation, and data management. Strong ITGCs increase the integrity and reliability of information. Access provisioning audit procedures were performed for each application, while change management was tested for applications owned by the Agency and not a third party.

Change Management

Change control is the systematic approach to managing changes to an IT environment, applications, or data. The purpose is to prevent unnecessary and/or unauthorized changes, ensure all changes are documented, and minimize any disruptions due to system changes. We tested a sample of 95 changes across 13 applications. The Agency was unable to provide documentation to support 44 of 95 (46%) changes tested. As a result, we were unable to determine if the changes were properly requested, authorized, approved, and/or moved into production.

Access Provisioning

We tested the Agency's access provisioning procedures for a sample of 255 users across 13 applications. Our sample of 255 users was comprised of 154 existing users, 51 new-hired users, nine terminated users, and 41 users with administrative rights. We noted the following exceptions:

- Six of 154 (4%) existing users' access to the application was not needed to perform their job responsibilities.
- Six of 154 (4%) others identified by the Agency as existing users had separated from the Agency but were still defined as authorized users in the tested applications. Although access has been disabled, the Agency could not provide evidence it was disabled in a timely manner after separation from the Agency.
- Two of 154 (1%) existing users did not respond to auditors' questions regarding user access. Therefore, auditors were unable to determine if users' access to the application was needed to perform job responsibilities.

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2024-002. **FINDING** (Inadequate Controls over Information Technology General Controls)
(Continued)

- Of a sample of nine separated employees tested to determine why they had access to Agency applications, one user (11%) was still defined as an authorized user in the tested application. Although network domain access for this separated employee has been disabled, preventing access to applications, the Agency could not provide evidence that access was disabled in a timely manner after separation from the Agency.
- The Agency could not provide an explanation of the need for administrative level access for two of 41 (5%) administrative users tested.

Lastly, the Agency did not perform an annual review of user access to one of 13 (8%) applications tested.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data, including regular reviews of user access rights.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Configuration Management section, requires entities to ensure applications are modified in a manner that promotes consistency, integrity, and security and ensure access is appropriate and timely terminated, and access reviews are conducted periodically.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Agency management indicated exceptions were due to employee turnover, failure to timely update user access tables within its applications, lack of sufficient retention period for documentation related to application changes, and lack of sufficient controls to ensure changes to applications and user access were fully documented and unnecessary or inappropriate access was prevented in a timely manner.

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2024-002. **FINDING** (Inadequate Controls over Information Technology General Controls)
(Continued)

Unauthorized access and changes could occur without the implementation of adequate controls and procedures. These deficiencies increase the risk that confidentiality, integrity, and availability of data could be compromised. (Finding Code 2024-002)

RECOMMENDATION

We recommend the Agency implement a system to ensure maintenance of proper documentation for all changes made to the Agency's applications. Additionally, we recommend the Agency ensure users' access to its applications is appropriate based on job responsibilities, timely remove access for users who are no longer with the Agency, maintain proper documentation for new hires' user access approvals, and ensure users with administrative access rights are appropriate. We further recommend the Agency promptly terminate inappropriate and unnecessary user access and maintain documentation to support the timeliness of changes to user access.

AGENCY RESPONSE

The Agency agrees with the finding. We acknowledge the importance of maintaining proper documentation and ensuring appropriate user access to our applications. We are committed to implementing appropriate measures to address the issues noted to improve our overall system security and documentation practices.

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2024-003. **FINDING** (Insufficient Controls over Professional Educator Licensure)

The Illinois State Board of Education (Agency) did not have adequate internal controls in place to monitor the requirements regarding professional educator license renewal.

The Agency did not require or retain the annual professional development activity data from the approved providers within Illinois other than the providers they themselves audited. This exception was noted for 58 of 60 (97%) providers tested.

The School Code (Code) (105 ILCS 5/21B-45(j)(2)) requires approved providers of professional development activities to annually submit data to the Agency demonstrating how the professional development impacted certain criteria.

Agency officials attributed these exceptions to resource constraints, as well as technological and logistical limitations. Furthermore, Agency officials indicated that attempting to collect, store, and process/verify tens of thousands of annual professional development activity data would be an inefficient use of time.

Failure to adequately monitor providers providing professional development activities reduces accountability of providers. Furthermore, it could result in a licensed educator receiving less than high quality professional development which may fail to meet State standards. (Finding Code No. 2024-003, 2022-005, 2020-015)

RECOMMENDATION

We recommend the Agency implement controls to obtain, review, and document monitoring of annual data required to be submitted by approved providers providing professional development activities to ensure providers are meeting the Code requirements or seek statutory change.

AGENCY RESPONSE

The Agency agrees with the audit finding and the recommendation to implement controls for obtaining, reviewing, and documenting the monitoring of annual professional development activities offered by Illinois approved providers of professional development for licensure renewal. The Agency anticipates being able to collect the statutory data points that verify high-quality professional development is being offered by Illinois approved providers of professional development who voluntarily use the PD+ system to offer PD activities to licensed educators for licensure renewal. The Agency will work towards seeking statutory changes that facilitate the mandatory use of the PD+ system by all Illinois approved providers of professional development once all phases of work are completed. This will enable us to effectively monitor and ensure that all Illinois approved providers of professional development are meeting the required standards.

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2024-004. **FINDING** (Insufficient Controls over Surveys of Learning Conditions)

The Illinois State Board of Education (Agency) did not comply with reporting procedures for the survey of learning conditions (climate survey) as completed by students and teachers.

During our testing, we noted the Agency did not provide annual publicly available reports on survey indicators at the school district or state level for climate surveys administered.

This finding was first noted during the Agency's Fiscal Year 2019- Fiscal Year 2020 State compliance examination, four years ago. Agency management has not implemented a corrective action plan to remedy all deficiencies noted.

The School Code (Code) (105 ILCS 5/2-3.153) requires the Agency to administer and pay for an annual climate survey to provide feedback from students and teachers on the instructional environment within every public school. The Code requires the State Superintendent to publicly report on the survey indicators of learning conditions resulting from administration of the instrument at the individual school, district, and State levels and to identify whether the indicators result from an anonymous administration of the instrument.

Agency officials indicated they have elected to not provide a publicly available report on the survey indicators at the school district or state level. Officials stated the survey indicators are currently designed to provide results at the school-building level and any aggregation of that data into a district or state-wide level overview would obscure or distort data specific to the attendance center.

Failure to post the climate survey indicators at the district and State level limits public accountability and the availability of the tools and resources to make important decisions regarding the instructional environment of school. Finally, the Agency's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. (Finding Code No. 2024-004, 2022-007, 2020-019)

RECOMMENDATION

We recommend the Agency allocate the necessary resources to publicly report required climate survey data as required by State law or seek legislative remedy to the statutory requirement.

AGENCY RESPONSE

The Agency agrees with the finding. We are currently seeking a legislative change to the statute to better reflect the data that is gathered and reported.

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2024-005. **FINDING** (Failure to Update Administrative Rules for Class Size Reduction Funding Programs)

The Illinois State Board of Education (Agency) failed to update administrative rules regarding administration of funding programs for class size reduction.

In September 2006, the Agency adopted administrative rules (23 Ill. Admin. Code 565) regarding the implementation and administration of funding programs for class size reduction. In August 2018, Public Act 100-1046 (Act) was signed into law significantly updating the class size reduction grant program. Specifically, the Act amended the School Code to no longer limit the grant to kindergarten through 3rd grade, removed limitations on the application process, and changed the definition of allowable expenditures. During testing, we noted the Agency's administrative rules were last updated in June 2013, and therefore, do not reflect the changes made since the Act was passed.

The School Code (Code) (105 ILCS 5/2-3.136) required the Agency to adopt any rules as necessary to administer the funding for class size reduction.

Agency officials indicated management has decided to not adopt any rules and to instead seek legislation to repeal this section of the Code.

Failure to update the administrative rules after legislative changes could lead to ambiguity regarding the eligibility of applicants and improper allocation of State funds. (Finding Code No. 2024-005, 2022-012)

RECOMMENDATION

We recommend the Agency take prompt measures to either revise administrative rules to comply with the updated legislation regarding funding for class size reduction or seek legislative remedy to the statutory requirement.

AGENCY RESPONSE

The Agency agrees with the finding. We have collaborated with the Legislative Affairs Department, and the mandate for repeal of the statute has been included in HB 3810, on page 370, line 22. This will be monitored to ensure appropriate follow-through during the 104th General Assembly, Spring session. If repeal is not achievable through legislative action, we will proceed with rulemaking as necessary.

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2024-006. **FINDING** (Noncompliance with the Ensuring Success in School Task Force Appointment Requirements)

The Illinois State Board of Education (Agency) did not ensure compliance with Ensuring Success in School Task Force (Task Force) member and appointment requirements.

During our testing, we noted the following exceptions:

- Sixteen of 17 (94%) Task Force members selected by the State Superintendent of Education were appointed more than 60 days (August 30, 2022) after the effective date of this amendatory Act of the 102nd General Assembly, July 1, 2022. The appointments were filled from one to 113 days late.
- The Task Force did not include a member who was a Representative appointed by the Minority Leader of the House of Representatives.

The School Code (Code) (105 ILCS 5/26A-15(b)) states the Task Force is to include seventeen members appointed by the State Superintendent of Education and four members appointed by Leaders in the General Assembly, including one Representative appointed by each Leader of the Senate and House of Representatives. The Code also requires members to be appointed no later than 60 days (August 30, 2022) after the effective date of the amendatory Act of the 102nd General Assembly, July 1, 2022. The Code further requires the Agency to provide administrative and other support to the Task Force.

Agency officials indicated the uncertainty of their office's ability to recommend a replacement contributed to the failure to have a Representative appointed by the Minority Leader of the House of Representatives. Furthermore, Agency officials indicated they encountered challenges recruiting individuals willing to serve on the Task Force, thus causing appointments to occur after the August 30, 2022 deadline in the Code.

Failure to appoint required members in a timely fashion could inhibit the Task Force's effectiveness and ability to resolve issues at hand and participation by all intended parties. (Finding Code No. 2024-006)

RECOMMENDATION

We recommend the Agency work with appropriate parties to identify potential candidates and to make member appointments timely as required by State statute.

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2024-006. **FINDING** (Noncompliance with the Ensuring Success in School Task Force Appointment Requirements) (Continued)

AGENCY RESPONSE

The Agency agrees with the finding. This task force ended in June of 2024. The repeal of this obsolete task force language has been included in SB1740. This would remove all requirements of that section, including necessary appointments.

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2024-007. **FINDING** (Inadequate Controls over Cybersecurity)

The Illinois State Board of Education (Agency) had not implemented adequate controls related to cybersecurity programs, practices, and control of confidential information.

The Agency utilizes various applications that contain a significant amount of critical and confidential data, such as names, addresses, and Social Security numbers, etc.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Agency's cybersecurity program, practices, and control of confidential information, we noted the Agency had not:

- Established a Risk Management Framework.
- Conducted a risk assessment during the examination period.
- Performed a Business Impact Analysis.
- Established and adopted a formal, comprehensive data classification methodology for classifying its data most susceptible to attack to ensure adequate protection. The draft policy did not address associated data protections, including storage media, data retention, or data destruction.
- Classified its data during the examination period.
- Established a policy to assist in the tracking of confidential, sensitive or personally identifiable data.

The Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST) requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

Agency officials indicated the exceptions were due to understaffing and competing priorities within the department tasked with handling these areas.

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2024-007. **FINDING** (Inadequate Controls over Cybersecurity) (Continued)

Lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities, which could ultimately lead to the Agency's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-007, 2022-014)

RECOMMENDATION

We recommend the Agency:

- Establish a Risk Management Framework
- Conduct a comprehensive risk assessment and implement risk reducing internal controls.
- Perform a Business Impact Analysis
- Develop comprehensive data classification methodology and data classification policy.
- Establish a policy to assist in the tracking of confidential, sensitive or personally identifiable data.
- After establishing the data classification policy, ensure adequate protection of information by outlining the security controls for each classification.

AGENCY RESPONSE

The Agency agrees with the finding. Although a Business Impact Analysis (BIA) was not completed, a multi-year project was initiated with an external vendor that includes a BIA as a deliverable. Additionally, the Agency has implemented annual third-party comprehensive risk assessments. Efforts are ongoing to finalize a comprehensive data governance framework and data classification policy.

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2024-008. **FINDING** (Inadequate Controls over Data Wiping)

The Illinois State Board of Education (Agency) had inadequate controls over its wiping of data on electronic devices.

During our testing of the Agency's wiping of data from electronic devices, we noted the Agency was unable to provide support of the performance of data wiping for five of six (83%) electronic assets.

The State Records Act (5 ILCS 160/8) requires the Agency's Director to make and preserve records containing adequate and proper documentation of the functions, decisions, and essential transactions of the Agency to protect the legal and financial rights of the State and of persons directly affected by the Agency's activities.

The Data Security on State Computers Act (20 ILCS 450/1 et seq.) requires implementation of a policy to mandate all hard drives of surplus electronic data processing equipment be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before being sold, donated or transferred by (i) overwriting the previously stored data on a drive or a disk at least 3 times or physically destroying the hard drive and (ii) certifying in writing that the overwriting process has been completed by providing the following information: (1) the serial number of the computer or other surplus electronic data processing equipment; (2) the name of the overwriting software or physical destruction process used; and (3) the name, date, and signature of the person performing the overwriting or destruction process.

Agency management indicated the Agency was not routinely documenting the data wiping of surplus items due to competing priorities.

Failure to ensure adequate controls over the wiping of data from electronic systems could jeopardize the Agency's records and enable fraudulent activity. Lack of documentation of data wiping increases the risk that such measures are not consistently performed prior to disposal of electronic devices. (Finding Code No. 2024-008)

RECOMMENDATION

We recommend the Agency enforce and monitor compliance with controls to ensure the wiping of data from all electronic devices prior to disposal.

AGENCY RESPONSE

The Agency agrees with the finding. While data erasure was being completed, appropriate documentation wasn't being kept. A new procedure has been put in place that requires the export of erasure reports that includes all necessary details.

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2024-009. **FINDING** (Property and Equipment Control Weaknesses)

The Illinois State Board of Education (Agency) did not demonstrate adequate control over property and equipment during the engagement period. Specific deficiencies noted as a result of our testing are described below.

- The Agency could not provide supporting documentation for three of 40 (8%) additions tested, totaling \$969,022. Upon further inquiry with the Agency, it was determined that these three additions were erroneously reported as additions in the Agency's property records although they were not property items. The Agency subsequently removed the additions from their property records.
- During our testing of property inventory for the Agency's Chicago location, we noted the following:
 - Four of 40 (10%) items, totaling \$481,314, on the property records could not be found at the reported location. The Agency was unable to provide support verifying the items were scrapped, surplus, transferred or loaned to a different location.
 - Two of 36 (6%) items tested, totaling \$23,535, lacked property identification tags. The items matched the description and location of items on the Agency's property listing.
 - Three of 40 (8%) items, totaling \$6,560, were physically observed but were not recorded at the correct location within the property records. The Agency was not able to provide support verifying the items were recently transferred or loaned to the location where they were found.

The State Property Control Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable for the supervision, control, and inventory of all property under their jurisdiction.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Furthermore, the State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

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2024-009. **FINDING** (Property and Equipment Control Weaknesses) (Continued)

Agency officials attributed the property addition exceptions to expenditures incorrectly coded as property. Agency officials attributed the remaining exceptions to miscommunication between Agency personnel who transfer equipment between locations. Management indicated Agency personnel did not communicate to the appropriate Property Control staff the items that were changing location; therefore, Agency records did not accurately reflect those property items.

Internal control weaknesses over recordkeeping increase the potential for theft and misappropriation of assets. (Finding Code No. 2024-09)

RECOMMENDATION

We recommend the Agency strengthen controls and procedures related to the coding of property expenditures within the accounting system, as well as communication between Agency personnel to ensure its property and equipment is accounted for in a manner which complies with State statutes and the Statewide Accounting Management System (SAMS).

AGENCY RESPONSE

The Agency agrees with the finding. We are currently in the process of implementing a new property control system which we are hopeful will resolve these issues.

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2024-010. **FINDING** (Voucher Processing Weaknesses)

The Illinois State Board of Education's (Agency) internal controls over its voucher processing function were not operating effectively during the examination period.

During our testing, we noted the following exceptions:

- Two of 65 (3%) vouchers tested, totaling \$2,875,097, were approved 7 and 117 days late by the Agency.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70) requires the Agency to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

- Two of two (100%) printing vouchers tested, totaling \$54,814, did not contain the Illinois Procurement Code (30 ILCS 500/20-105) requirements on the printed materials.

The Illinois Procurement Code (30 ILCS 500/20-105) states all books, pamphlets, documents, and reports published through or by the State of Illinois or any State agency, board, or commission shall have printed thereon "Printed by authority of the State of Illinois", the date of each publication, the number of copies printed, and the printing order number.

- Two of 25 (8%) travel vouchers tested, totaling \$1,130, were not submitted by the employee to the Agency on a timely basis. The vouchers were submitted seven and 57 days late.

IRS Publication 463 states employees should adequately account for their expenses within 60 days after their expenses were paid or incurred.

Agency officials indicated the late approval of vouchers was due to invoices being sent to individual email accounts of employees that were no longer with the Agency, as well as a change in leadership. Additionally, officials indicated exceptions related to printing vouchers were due to administrative oversight. Lastly, Agency officials indicated exceptions related to travel vouchers were due to Agency personnel neglecting to follow protocol when submitting completed travel vouchers to the Fiscal Division.

Failure to ensure compliance with applicable rules and regulations could result in a loss of control over expenditures and improper State payments. (Finding Code No. 2024-010)

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2024-010. **FINDING** (Voucher Processing Weaknesses) (Continued)

RECOMMENDATION

We recommend the Agency approve proper bills within 30 days of receipt, ensure all printed materials contain Illinois Procurement Code requirements, and require employees to timely submit vouchers for processing.

AGENCY RESPONSE

The Agency agrees with the finding. We have implemented a procedure to ensure that each department has a generic e-mail address to which invoices are to be sent in order to avoid invoices being sent to terminated employees or missed in individual email boxes. For late travel voucher submissions, the Fiscal Department periodically sends individual and agencywide reminders to staff regarding timely submission of travel requests. For printing vouchers, the agency's process for affixing the required "Printed by authority of the State of Illinois" along with "... the date of each publication, the number of copies printed, and the printing order number" has been amended to include that all print requests be reviewed by the Agency's Facility Management Director who will assign the information for each print request before the request continues on through the procurement process.

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2024-011. **FINDING** (Inadequate Controls over Telecommunication Devices)

The Illinois State Board of Education (Agency) did not deactivate their telecommunication devices in a timely manner.

The Agency cancelled 31 telecommunication devices during the examination period. During our testing of four telecommunication device cancellations, we noted three (75%) were not deactivated in a timely manner. The cancellations ranged from 62 to 395 days after the employees separation from the Agency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Additionally, good business practice dictates controls over telecommunication devices should ensure that device cancellations are processed in a timely manner to avoid potential misuse of the device and/or State funds.

Agency officials indicated the untimely cancellation of telecommunications devices was due to the time required for the Agency to wipe devices clean before requesting deactivation, and staff waiting until there were multiple devices to submit for cancellation.

Untimely cancellation of telecommunication devices may result in unauthorized use and unnecessary expenditures of the Agency. (Finding Code No. 2024-011)

RECOMMENDATION

We recommend the Agency implement controls to request and ensure deactivation of telecommunication devices in a timely manner.

AGENCY RESPONSE

The Agency agrees with the finding. Upon the termination of an employee that has been issued a mobile device, the telecommunications coordinator will communicate with all parties involved to retrieve the phone as soon as possible. Part of that communication will be to ensure that the phone has all security passcodes disabled by the user, prior to termination, in order for the ISBE Technical Assistance Team (TAT) to immediately access and wipe the device. Once wiped, the TAT team will communicate that information to the telecommunications coordinator in order to submit a timely request to cancel/delete the number.

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SCHEDULE OF FINDINGS – NOT REPEATED FINDINGS
For the Two Years Ended June 30, 2024

A. **FINDING** (Financial Statement Reporting Error)

During the prior examination, the Illinois State Board of Education (Agency) improperly included a \$13.75 million future appropriation for the Drivers Education Fund (Fund 0031) as a liability in the General Revenue Fund (Fund 0001), while also properly including it in Fund 0031. Additionally, the Agency improperly included a \$305 million future appropriation for the Education Assistance Fund (Fund 0007) as a liability in Fund 0001 rather than Fund 0007.

During the current engagement, we noted the Agency ensured the future appropriation amounts were properly stated and recorded. (Finding Code 2022-001)

B. **FINDING** (Failure to Reassess CWI Contained within the EBF Formula)

During the prior examination, the Agency did not exercise adequate internal control over the State's Evidence-Based Funding Formula (Formula). Specifically, the Agency failed to re-determine the Comparable Wage Index (CWI) used in the Formula as required by the School Code. The original CWI was still being used in the Formula even though, based on statutory requirement, the State Superintendent would have been responsible for re-determining the CWI in Fiscal Year 2021 or Fiscal Year 2022.

During the current engagement, we noted the Agency took measures to ensure a re-determination of the CWI used in the Formula took place and concluded the same data set be used going forward until Fiscal Year 2025. (Finding Code 2022-002, 2021-001)

C. **FINDING** (Inadequate Controls over Change Management)

During the prior examination, the Agency did not have adequate internal controls over the change management process for its environment, applications and data. Specifically, the Agency was unable to provide a complete population of changes made to the Agency's environment, applications and data. Of the sample able to be tested, exceptions were noted wherein the Agency lacked documentation of approvals, requests, and actions taken. We also noted the change management policies and procedures were outdated and didn't reflect the Agency's process for changes.

During the current engagement, we noted the Agency updated the change management policies and procedures including the Agency's process for changes. However, we noted weaknesses related to the lack of documentation for some changes to the Agency's applications. These weaknesses, along with others noted related to the Agency's information technology general controls, are included as Finding 2024-002 in the Agency's *State Compliance Examination Report*. (Finding Code 2022-003)

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D. **FINDING** (Noncompliance with Department of Transitional Bilingual Education Reporting Requirements)

During the prior examination, the Agency did not comply with the reporting requirements of the Department of Transitional Bilingual Education.

During the current examination, we noted the Agency complied with the reporting requirements of the Department of Transitional Bilingual Education. The Agency annual reports to the General Assembly included an evaluation of the transitional bilingual education program, the need for continuing such a program, and recommendations for improvement. (Finding Code No. 2022-004, 2020-005, 2018-006)

E. **FINDING** (Noncompliance with Strategic Plan Requirements)

During the prior examination, the Agency did not comply with statutory requirements when drafting its Comprehensive Strategic Plan for Elementary and Secondary Education (Strategic Plan).

During the current examination, we noted the Agency timely submitted the Strategic Plans to the Governor and Illinois General Assembly prior to July 1 of each respective year of the examination period. (Finding Code No. 2022-006, 2020-017)

F. **FINDING** (Insufficient Controls over Termination and Review of Employee Access)

During the prior examination, the Agency did not implement adequate controls over termination and review of access to its information systems and applications.

During the current examination, the Agency did not perform all necessary users' access reviews or perform timely access revocations upon an employee's departure from the Agency. These weaknesses, along with others noted related to the Agency's information technology general controls, are included as Finding 2024-002 in the Agency's *State Compliance Examination Report*. (Finding Code No. 2022-008, 2020-021)

G. **FINDING** (Noncompliance with the Student Online Personal Protection Act)

During the prior examination, the Agency did not comply with the Student Online Personal Protection Act (Act).

During the current examination, we noted the Agency published and maintained on its website a list of all entities or individuals the Agency contracts with or has written agreements with that hold covered information and a copy of each contract and written agreement. (Finding Code No. 2022-010)

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I. **FINDING** (Failure to Update Interest Rates for Loans Issued Under the School Technology Revolving Loan Program)

During the prior examination, the Agency failed to update interest rates for loans issued under the School Technology Loan Program.

During the current examination, we noted the updated interest rates for loans issued under the School Technology Loan Program charged by the Agency complied with Statutory requirements. Further, the Agency repaid the overpayments to the school districts that overpaid the Agency in the prior engagement period. (Finding Code No. 2022-011)

J. **FINDING** (Inadequate Control over Agency Workforce Reports)

During the prior examination, the Agency did not exercise adequate internal control over the preparation of its annual Agency Workforce Reports (Reports).

During the current examination, we noted the Agency had made significant improvements. However, our testing did indicate immaterial instances of noncompliance, which are reported in the Agency's Report of Immaterial Findings. (Finding Code No. 2022-013)

K. **FINDING** (Inadequate Security Controls)

During the prior examination, the Agency did not maintain adequate security controls over its computing environment.

During the current examination, we noted the Agency established a Patch and Firewall Configuration Policy. We also tested a sample of servers, and noted the Agency updated and patched tested servers during the examination period. (Finding Code No. 2022-015)