



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, 2024**

Release Date: February 4, 2025

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2023		1	
Category 2:	1	1	2				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

This digest covers the Agency’s Financial Audit as of and for the year ended June 30, 2024. A digest covering the Agency’s State Compliance Examination for the two years ended June 30, 2024, will be released at a later date.

SYNOPSIS

- **(24-1)** The Illinois State Board of Education (Agency) had not implemented adequate controls over its service providers.

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.

**ILLINOIS STATE BOARD OF EDUCATION
FINANCIAL AUDIT
For the Year Ended June 30, 2024**

FINANCIAL INFORMATION - Governmental funds (in thousands)	FY 2024	FY 2023
PROGRAM REVENUES		
Charges for services.....	\$ 6,332	\$ 5,920
Operating grants.....	4,730,006	4,826,146
Total program revenues.....	<u>4,736,338</u>	<u>4,832,066</u>
EXPENDITURES		
Program.....	15,196,622	14,655,605
Debt service.....	2,069	2,382
Capital outlay.....	3,744	3,643
Total expenditures.....	<u>15,202,435</u>	<u>14,661,630</u>
GENERAL REVENUES.....	523	742
OTHER SOURCES (USES)		
Appropriations from State resources.....	10,599,841	10,085,827
Lapsed appropriations.....	(19,652)	(42,907)
Receipts collected and transmitted to State Treasury.....	(27,549)	(35,949)
Reappropriations.....	(152,324)	(191,966)
Amount of SAMS Transfers-out.....	1,202	54
Transfers-in.....	1,600	-
Transfers-out.....	(1,600)	-
Lease financing.....	73	-
Total other sources (uses).....	<u>10,401,591</u>	<u>9,815,059</u>
Net change in fund balance.....	(63,983)	(13,763)
Fund balance (deficit) July 1.....	(992,814)	(978,717)
Changes in inventories.....	577	(334)
Fund balance (deficit) June 30.....	<u>\$ (1,056,220)</u>	<u>\$ (992,814)</u>
SELECTED ACCOUNT BALANCES - Governmental funds (in thousands)		
	June 30, 2024	June 30, 2023
ASSETS		
Cash and cash equivalents.....	\$ 56,375	\$ 49,691
Accounts receivable (includes State and other governments).....	915,166	972,410
All other assets.....	197,829	193,638
Total assets.....	<u>\$ 1,169,370</u>	<u>\$ 1,215,739</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Accounts payable and accrued liabilities.....	\$ 82,332	\$ 77,508
Due to others (includes other governments and State funds).....	1,989,180	2,018,047
Unearned revenue.....	785	923
Unavailable revenue.....	153,293	112,075
Total liabilities and deferred inflows of resources.....	<u>2,225,590</u>	<u>2,208,553</u>
FUND BALANCE (DEFICIT)		
Fund balance (deficit).....	(1,056,220)	(992,814)
Total liabilities, deferred inflows of resources and fund balance (deficit).....	<u>\$ 1,169,370</u>	<u>\$ 1,215,739</u>
AGENCY DIRECTOR		
During Audit Period: Dr. Tony Sanders		
Currently: Dr. Tony Sanders		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

LACK OF ADEQUATE CONTROLS OVER THE REVIEW OF INTERNAL CONTROLS OVER SERVICE PROVIDERS

The 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. The auditors tested fourteen service providers and noted:

**For 43% of service providers tested,
a SOC report was not required by a
contract or purchase order**

**SOC reports and bridge letters did
not cover the entire audit period for
50% of service providers tested**

**SOC report deviations were not
adequately reviewed for 29% of
service providers**

- 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 Complementary 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. (Finding 1, pages 56-58)

The auditors recommended 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.

Agency agreed

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

OTHER FINDING

The remaining finding pertains to information technology general controls. We will review the Agency's progress towards the implementation of our recommendations in our next financial audit.

AUDITOR'S OPINIONS

The auditors stated the financial statements of the Agency as of and for the year ended June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by Sikich CPA 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

FJM:lkw