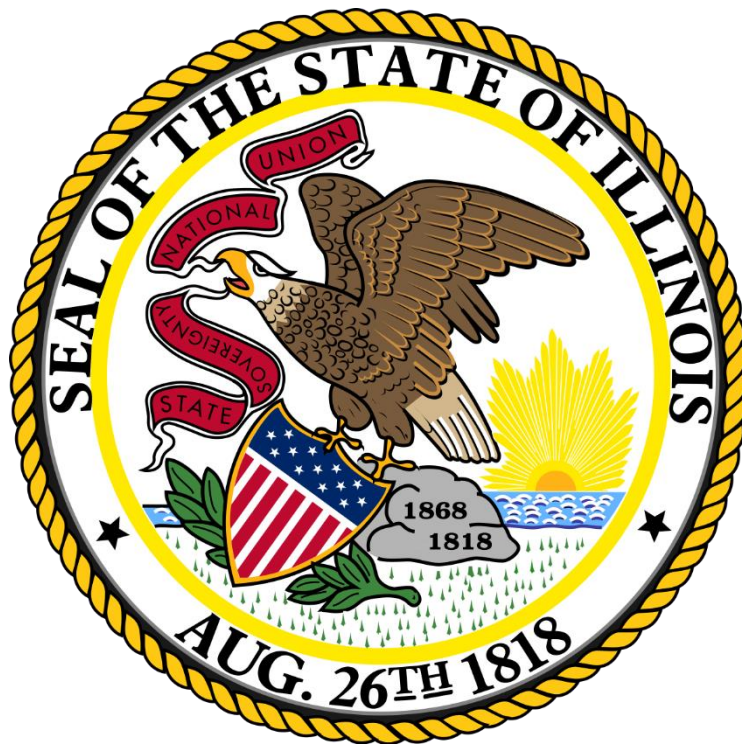


LEGISLATIVE AUDIT COMMISSION



Combined Review of Compliance and Financial
State Board of Education
Two Years Ended June 30, 2022

620 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW:

**REVIEW: #4579
STATE BOARD OF EDUCATION
TWO YEARS ENDED JUNE 30, 2022**

RECOMMENDATIONS – 15

**IMPLEMENTED/ PARTIALLY IMPLEMENTED – 15
ACCEPTED – 0**

REPEATED RECOMMENDATIONS – 7**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 26**

This review summarizes the auditors' reports on the compliance examination of the State Board of Education for the two years ended June 30, 2022, filed with the Legislative Audit Commission on June 13, 2023. The examination was conducted in accordance with *Government Auditing Standards* and state law. The auditors stated the financial statements were fairly stated.

ISBE was organized to provide leadership, assistance, resources and advocacy so that every student is prepared to succeed in careers and postsecondary education, and share accountability for doing so with districts and schools. ISBE consists of nine members who are appointed by the Governor with the consent of the Senate. The Governor appoints the Chair of the Board with the advice and consent of the Senate. The Board appoints the State Superintendent of Education.

The current State Superintendent of Education is Dr. Tony Sanders, appointed February 23, 2023. The prior superintendent was Dr. Carmen I. Ayala until January 31, 2023.

At the time of the audit, the primary admin. offices are located at:

- JRTC, 100 West Randolph St, Suite 14-300, Chicago 60601
- 555 W. Monroe Street, Suite 900, Chicago, 60661, and
- Alzina Building, 100 North First Street, Springfield 62777.

Expenditures from Appropriations

Appropriations (\$ thousands)	FY21		FY22	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Designated Purposes				
Community Residential Service Authority	650	617.1	700	651.1
Educator Misconduct Investigations	429.9	404	429.9	426.3

REVIEW:

GATA/BFR Billings	260	260	260	260
Operational Expenses	23217.2	23212.2	23217.2	23214.6
Student Assessments	46500	29857.4	41500	34014.3
Total Designated Purposes	71057.1	54350.7	66107.1	58566.3
Grants				
Advanced Placement - Course Implement.	500	495.6	500	499.5
Advanced Place. - Low-Income AP Test Fee	2500	1854.2	2500	2467.5
After School Matters	3443.8	3443.8	3443.8	3443.8
After School Programs	20000	19069.5	20000	19261
Agricultural Education	5000	4949	5000	4958.6
Autism Training & Tech. Assistance	100	100	100	100
Blind/Dyslexic Persons Reading Program	846	846	846	846
Career & Technical Education Programs	43062.1	42930.1	43062.1	42420.5
Dist. Consolidation Costs/Suppl. Pymts.	213	143.2	95	37.4
District Intervention Funding	12100	12100	0	0
Early Childhood Education	543738.1	541153.3	543738.1	542050.2
Evidence-Based Funding	7216938.2	7216938.2	7579038.2	7579037.1
Evidence-Based Funding - Contingency	1000	207.6	0	0
Evidence-Based Funding - Adjustment	0	0	87517	87516.3
Grant to Harvey Dist. 152 for STEM	50	50	50	50
Grant to Lions Math & Sci. Acad. For STEM	50	50	50	0
Grant to Prairie-Hill Dist. 144 for STEM	50	50	50	50
Grant to Art Inst. Of Chicago for Summer Inst.	30	30	30	30
Grant to Thornton Township Dist. 205 for STEM	50	50	50	50
Grants to Tier 1 and 2 Rural Dist. For Ment. He.	1000	1000	1000	1000
National Board-Certified Teachers	1500	1500	1500	1500
Orphanage Tuition - Reg. Ed. Reimbursement	9900	8555.5	9900	8174.7
Parenting Education Pilot Program	350	350	350	350
Philip J. Rock Center & School	3777.8	3777.8	3777.8	3777.8
Principal Mentoring & Recruitment	0	0	1800	1800
Regional Safe Schools	6300	6260.9	6300	6300
Reimbursement for Free Breakfast/Lunch	9000	9000	9000	9000
Southwest Org. Proj. - Parent Mentoring	3500	3500	8000	8000
Special Education - Orphanage Tuition	93000	93000	93000	93000
Special Education - Private Tuition	152320	152320	152320	152320
Special Education - Stud. Transp. Reimburs.	387682.6	387682.6	387682.6	348025.2
State & District Technology Support	2443.8	1338.6	2443.8	1785.4
Tax-Equivalent Grants	222.6	222.6	222.6	222.6
Teach for America	1000	1000	1000	1000

REVIEW:

Transportation - Reg./Vocational Reimburs.	289200.8	289200.8	281323.8	281323.8
Truants' Alternative & Optional Ed. Prog.	11500	11461.5	11500	11462.4
Visually Impaired/Ed. Mater. Coord. Unit	1421.1	1421.1	1421.1	1421.1
YouthBuild	2500	2500	2500	2500
Total Grants	8826289.9	8818551.9	9261111.9	9215780.9
TOTAL GENERAL FUNDS	8,897,347.0	8,872,902.6	9,327,219.0	9,274,347.2
OTHER STATE FUNDS				
Designated Purposes				
Bus Driver Training - Reg. Super. Services	100	94	70	70
GATA/BFR - Indirect Cost Recovery	600	513.4	600	600
Grants to At-Risk Schools	200	0	200	0
Ordinary & Contin. Exp. - Charter Schools	1050	557.1	1050	446.6
Ordinary & Contin. Exp. - from Indirect Costs	8150	4441	8150	4526.2
Projects Supported by Gifts & Donations	8484.8	50.2	8484.8	29.9
School Infrastructure	600	104.1	600	76
Teacher Licenses - Chicago	2208.9	706.5	2208.9	736
Teacher Licenses Processing	6000	2860.4	6000	3126.5
Total Designated Purposes	27393.7	9326.7	27363.7	9611.2
Grants				
Charter School Loans	200	0	200	0
Drivers Education	16000	16000	13750	13750
Freedom Schools Grant Program	0	0	17000	335.3
Regional Superintendents' & Asst. Compen.	11400	11137.3	11400	11208
Regional Superintendents' Services	6970	6951.2	6970	6970
School District Emergency Financial Assist.	1000	0	1000	0
School STEAM Grant Program	2500	0	2500	1106.1
School Technology Revolving Loans	7,500.0	0.0	7,500.0	241.7
Temporary Relocation Expenses	1,000.0	0.0	1,000.0	0.0
Total Grants	46,570.0	34,088.5	61,320.0	33,611.1
TOTAL OTHER STATE FUNDS	73,963.7	43,415.2	88,683.7	43,222.3
FEDERAL FUNDS				
Designated Purposes				
ARPA - Deposit into Freedom Schools Fund	0.0	0.0	17,000.0	17,000.0
ARPA - Implementing After School Prog.	0.0	0.0	10,000.0	0.0
ARPA - Implementing Parent Mentoring Prog.	0.0	0.0	10,000.0	13.8
Operational Expenses	73,674.5	32,637.5	73,674.5	36,201.7
Student Assessments	35,000.0	21,808.3	35,000.0	18,016.0
Total Designated Purposes	108,674.5	54,445.8	145,674.5	71,231.5
Grants				
Adolescent Health	500.0	0.0	500.0	0.0

REVIEW:

ARPA - Emerg. Asst. to Non-Public Schools	83,246.4	0.0	83,246.4	104.8
ARPA - Elem. & Sec. School Emer. Relief	5,054,990.0	0.0	5,054,990.0	838,084.2
ARPA - Homeless Children & Youth Fund	33,115.0	0.0	33,115.0	3,870.6
ARPA - Grant to the Black & Gold Initiative	0.0	0.0	75.0	0.6
Career & Technical Education - Basic	66,000.0	22,156.8	66,000.0	22,617.7
CARES Act - Elem. & Sec. Sch. Emer. Relief	569,500.0	375,936.0	475,411.4	51,494.7
CARES Act - GEER	108,500.0	41,796.2	107,508.4	8,649.4
Charter Schools	23,000.0	0.0	0.0	0.0
Child Nutrition	1,062,500.0	804,984.3	1,062,500.0	1,062,295.8
Coronavirus Response & Relief - Elem & Sec	2,250,805.0	0.0	2,250,805.0	1,056,138.4
Coronavirus Response & Relief - Non-public	84,490.0	0.0	84,490.0	30,589.3
Coronavirus Response & Relief - GEER	132,400.0	0.0	47,905.0	9,854.4
Individuals' w/ Disabilities Act - Deaf/Blind	800.0	271.4	800.0	355.8
Individuals' w/ Disabilities Act - Education	754,000.0	535,132.2	949,576.4	540,051.1
Individuals' w/ Disabilities Act - Improvement	5,000.0	1,028.5	5,000.0	0.0
Individuals' w/ Disabilities Act - Preschool	29,200.0	17,292.7	41,000.0	17,520.3
Longitudinal Data System	5,200.0	298.3	5,200.0	0.0
Preschool Development: Birth thru Five	15,000.0	7,843.5	20,000.0	11,846.9
Sexual Risk Avoidance Education	6,500.0	716.6	0.0	0.0
Special Federal Congressional Projects	5,000.0	0.0	0.0	0.0
STOP School Violence & Mental Health Train.	1,000.0	0.0	1,000.0	23.3
Substance Abuse & Mental Health Services	5,300.0	321.0	5,300.0	1,003.5
Title I	1,090,000.0	632,127.5	1,160,000.0	666,188.3
Title II	160,000.0	69,148.0	160,000.0	73,325.2
Title III	50,400.0	19,285.4	50,400.0	20,668.4
Title IV	200,000.0	87,777.8	225,000.0	117,030.5
Title V	2,000.0	1,429.6	2,000.0	1,100.3
Title X	7,000.0	3,990.8	9,000.0	4,754.0
Total Grants	11,805,446.4	2,621,536.6	11,900,822.6	4,537,567.5
TOTAL FEDERAL FUNDS	11,914,120.9	2,675,982.4	12,046,497.1	4,608,799.0
TOTAL	20,885,431.6	11,592,300.2	21,462,399.8	13,926,368.5

Accountants' Findings and Recommendations

Condensed below are the 15 findings and recommendations included in the audit report. Of these, 7 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the Illinois State Board of Education, via electronic mail received June 13, 2023.

REVIEW:

1. **The auditors recommend the Agency document procedures for calculating future appropriation liabilities, compare the amounts on the financial reporting forms to the appropriation bill, and exercise due care during the financial statement preparation and review process to ensure accurate financial reporting.**

FINDING: *(Financial Statement Reporting Error) - New*

The Illinois State Board of Education (Agency) did not maintain sufficient controls over financial reporting to ensure its financial statements and the generally accepted accounting principles (GAAP) Package reports prepared for the Office of Comptroller utilized to compile the State of Illinois' Annual Comprehensive Financial Report were complete and accurate.

During testing, the auditors noted the Agency did not perform a sufficient review of all accounts and amounts recorded within its financial statements and GAAP Package reports. Specifically, they noted the following issues while testing the year-end financial reporting process:

The Agency improperly included a \$13.75 million future appropriation for the Drivers Education Fund (Fund 031) as a liability in the General Revenue Fund (Fund 001). The liability was also properly recorded in Fund 031. This duplication caused total liabilities and expenses in the General Fund to be overstated by \$13.75 million. This material adjustment was subsequently recorded by the Agency in its final General Fund and Governmental Activities' financial statements.

Public Act 102-0698, effective April 19, 2022, Article 115, Section 60, appropriated \$13.75 million from the Drivers Education Fund for drivers' education for the fiscal year beginning July 1, 2022.

The Agency improperly included a \$305 million future appropriation for the Education Assistance Fund (Fund 007) as a liability in Fund 001. The liability was also not recorded in Fund 007's GAAP Package report. As such, Fund 001's liability and expenses were overstated by \$305 million, and Fund 007's liability and expenses were understated by the corresponding amount. As both Fund 001 and Fund 007 are subaccounts of the General Fund, this error had a net effect on the overall General Fund and Governmental Activities' financial statement presentation. However, this material adjustment was subsequently recorded by the Agency in the General Fund's combining schedules.

Additionally, Public Act 102-0698 Article 114 Section 10 appropriated \$305 million from the Education Assistance Fund for transportation-regular/vocational common school transportation reimbursement per section 29-5 of the Illinois School Code for the fiscal year beginning July 1, 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls

REVIEW:

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.

Further, a good system of internal control requires Agency management to review all significant accounts and balances recorded and disclosed in the financial statements for completeness and accuracy.

Agency officials stated the misstatements were due to Agency supporting documentation for future year appropriation liabilities not clearly identifying the applicable appropriation codes. These errors were not appropriately identified during the review process.

Accurate and timely financial statements of the Agency's financial information for GAAP reporting purposes is important due to the impact adjustments may have on the State of Illinois' Annual Comprehensive Financial Report. Further, failure to exercise due care during the financial reporting review process lead to misstatements of the Agency's financial statements.

AGENCY RESPONSE:

The Agency agrees with the finding and has implemented corrective action. The Agency developed a template for supporting documentation for future year appropriation liabilities that includes the appropriation codes for each future year liability. This template will be used to prepare the Fiscal Year 2023 and future fiscal year GAAP Package reports. In addition, the Agency implemented a step in the process that verifies the appropriation codes and amounts using the Illinois Office of the Comptroller's website to ensure that amounts recorded in GAAP reporting packages are accurate.

UPDATED RESPONSE:

Implemented.

The finding was cleared in the FY23 Financial Audit Report. The Agency implemented controls to ensure the future appropriation amounts were properly stated and recorded.

- 2. The auditors recommend Agency management implement adequate internal controls, including hiring additional staff to help with the prioritization of Committee responsibilities, to re-determine the CWI in line with the requirements of the School Code.**

FINDING: *(Failure to Reassess CWI Contained Within the Evidence-Based Formula) – First reported 2021, last reported 2022*

The Illinois State Board of Education (Agency) did not exercise adequate internal control over the State's Evidence-Based Funding Formula (Formula).

REVIEW:

The Formula directs how the Agency is to distribute Evidence-Based Funding (EBF) to various Evidence-Based Funding Organizational Units (E-BFOUs) across the State, which includes school districts, alternative schools run by regional superintendents of education, and two laboratory schools.

During the Agency's previous financial audit for the year ended June 30, 2021, Agency management noted a coding error regarding enrollment counts utilized within the Formula. Due to this error, the Agency made a significant overpayment to one school district and underpayments to other E-BFOUs. Upon discovery of the error, the auditors proposed and the Agency made the necessary adjustments to the Agency's liabilities and footnote disclosures. During the current financial audit, in following-up on the prior year finding, they noted the coding was corrected and associated receivables from the one school district has been accurately recorded in the Agency's financial statements.

With regards to ensuring the Formula's accuracy, during the Agency's current financial audit for the year ended June 30, 2022, the auditors noted the Agency failed to re-determine the Comparable Wage Index (CWI) used in the Formula as required by the School Code. Specifically, they noted 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.

The School Code (105 ILCS 5/18-8.15(a)(4)) defines the CWI as a regional cost differentiation metric that measures systemic, regional variations in the salaries of college graduates who are not educators. The CWI utilized within the Formula, for the first three years of Evidence-Based Funding implementation, is the CWI initially developed by the National Center for Education Statistics, as most recently updated by Texas A & M University. In the fourth and subsequent years of the Formula's implementation, the State Superintendent is required to re-determine the CWI using a similar methodology to that identified in the Texas A & M University study, with adjustments made no less frequently than once every five years.

With regards to the impact this would have on the funding distribution, the auditors noted the total funds to be disbursed would be unchanged, but the distribution between E-BFOUs would change. At the end of fieldwork, both the auditors and Agency agree the significance of the noncompliance with the School Code is not quantifiable, as an alternative index that meets the statutory requirements has not been identified by the Agency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable laws, and 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.

Agency officials stated the EBF section of the School Code created the Professional Review Panel (Panel) "to study and review topics related to the implementation and effect

REVIEW:

of Evidence-Based Funding ...” Per the School Code (105 ILCS 5/18-8.15(i)(3)(A) and (B)), the Panel “may also study the following topics at the direction of the chairperson:

(A) The format and scope of annual spending plans referenced in paragraph (9) of subsection (h) of this Section.

(B) The Comparable Wage Index under this section.”

As such, Agency officials further stated the work of reviewing and determining a new CWI was assigned to the Recalibrate Committee of the Panel (Committee). The Committee discussed the CWI during meetings in winter 2020. Specifically, the topic was discussed during meetings held on November 4, 2020, December 10, 2020, and December 15, 2020. However, due to the prioritization of other Committee issues, the CWI utilized in the Formula was not able to be re-determined during Fiscal Year 2021 or Fiscal Year 2022. Due to the inability to determine whether or not a revised CWI would materially impact the tier funding distribution of payments, the auditors cannot reasonably provide assurance that the Agency has materially complied with those laws and regulation which could have a direct and material effect on the Agency’s financial statements. Further, failure to re-determine the CWI represents noncompliance with the School Code.

AGENCY RESPONSE:

The Agency agrees with the finding and is in the process of corrective action. The Agency has released procurements to contract with an independent, external entity to determine if any wage indices exist with similar methodologies to the CWI, as required by statute, and to conduct modeling of the potential financial impact to school districts, if an alternative index does exist and meets statutory requirements.

Additionally, the Agency is collaborating with a third-party vendor to map and document the EBF calculation process to improve internal controls.

UPDATED RESPONSE:

Partially Implemented.

The finding was cleared in the FY23 Financial Audit Report. 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 FY2025.

3. The auditors recommend the Agency update its change management policies to address procedures, including emergency changes, regarding:

- **Requirements for requesting changes.**
- **Prioritization and classification of changes.**
- **Authorization of changes at various stages.**
- **Testing requirements and associated documentation requirements.**
- **Requirements for moving to production.**
- **Requirements for post-implementation review.**

REVIEW:

Additionally, they recommend the Agency create a change control log to track regular and emergency changes or enable the existing system to generate such logs, ensure changes follow the change management process, and ensure changes are approved, documented, and post-implementation reviews are completed.

FINDING: *(Inadequate Controls over Change Management) - New*

The Illinois State Board of Education (Agency) did not have adequate internal controls over the change management process for its environment, applications, and data.

During the testing, the auditors requested the Agency provide a population of changes made to the Agency's environment, applications, and data. Although the Agency provided emails of some of the changes, the Agency was unable to provide support documenting the completeness and accuracy of the population of changes.

Due to the conditions, auditors were unable to conclude the Agency population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330.27-.29 and AT-C § 205.36). Even given the population limitations, auditors selected a sample of 15 changes, noting:

- Four (27%) changes were missing documentation of approvals before they were assigned to developers.
- Two (13%) changes did not have documentation of as to who requested the change.
- Nine (60%) changes did not have documentation of final approvals before moving the change to production.
- Thirteen (87%) changes did not have support documenting an authorized staff moved the change to production.
- Fifteen (100%) changes did not have documentation of post-implementation reviews were completed.

In addition, auditors noted the Agency's change management policy was outdated and did not reflect the Agency's process for controlling changes to its environment, applications, and data. Further, the auditors noted the Agency had not established procedures to identify and address emergency changes.

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.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and

REVIEW:

administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Agency officials indicated the cause of these issues to be management oversight.

The lack of adequate internal controls over changes to the Agency's environment, applications, and data could result in unauthorized changes.

AGENCY RESPONSE:

The Agency agrees with the finding and is in the process of implementing the recommended changes into its change management policies.

UPDATED RESPONSE:

Partially Implemented.

While the finding was cleared in the FY23 Financial Audit Report, the Agency continues to improve controls over change management. The FY24 Financial audit noted similar issues related to change management. The Agency updated the change management policies and procedures including the Agency's process for changes. The Agency continues to make improvements related to documentation and tracking changes to applications.

- 4. The auditors recommend the Agency implement the necessary internal controls to ensure reporting requirements are met for programs in transitional bilingual education.**

FINDING: *(Noncompliance with Department of Transitional Bilingual Education Reporting Requirements) – First reported 2018, last reported 2022*

The Illinois Board of Education (Agency) did not comply with the reporting requirements of the Department of Transition Bilingual Education (Department).

During the Agency's previous examination, auditors noted the Department did not submit its 2017-2018 annual report until eighteen months after the reporting period ended, and it failed to draft its 2018-2019 annual report as of June 30, 2020.

During the Agency's current examination, the testing indicated the Department timely submitted its annual reports on programs in transitional bilingual education to the Illinois General Assembly covering school years 2019-2020 and 2020-2021. In addition, the auditors noted the Department submitted its 2018-2019 annual report to the Illinois General Assembly.

REVIEW:

However, while the Department submitted the annual reports to the Illinois General Assembly as required, the auditors noted the Agency failed to report an opinion on the need for continuing such a program and recommendations for improvement.

According to the School Code (105 ILCS 5/2-3.39(7)), the Agency is required to submit an annual report to the General Assembly, which includes an evaluation of the programs in transitional bilingual education, the need for continuing such programs, and recommendations for improvement.

This finding was first reported in the Agency's *State Compliance Examination* for the two years ended June 30, 2018. In subsequent years, the Agency has been unsuccessful in implementing an adequate corrective action plan.

Agency officials indicated the reports did not contain the required information due to employee oversight.

Failure to include all required information in the annual reports on programs in transitional bilingual education reduces the effectiveness of governmental oversight. In addition, inadequate program evaluation could affect the identification and implementation of necessary program improvements or the continuation of the program.

AGENCY RESPONSE:

The Agency agrees with the finding and the responsible department will add sections on the need for continuing such a program and recommendations for improvement to all future annual reports.

UPDATED RESPONSE:

Implemented.

The finding was cleared in the FY23/24 Compliance Examination audit. 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.

- 5. The auditors recommend the Agency begin performing random audits of licensees and to continue their work on the PD+ system to ensure all approved providers who perform professional development activities can be adequately tracked and subsequently audited as required by the Code.**

FINDING: *(Insufficient Controls over Professional Educator Licensure) – First reported 2020, last reported 2022*

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

REVIEW:

During the testing, auditors noted:

- The Agency failed to perform random audits of licensees to verify their fulfillment of the professional development hours required to maintain their license.

The School Code (Code) (105 ILCS 5/21B-45(f-5)) requires the Agency to conduct random audits of licensees to verify a licensee's fulfillment of the professional development hours required under the section of the Code.

Agency officials stated audits of licensees were suspended by Agency management during the examination period due to the COVID-19 pandemic, its disruption to the educational system and the already cumbersome new burdens and challenges placed on educators.

- The Agency did not track which approved providers were providing professional development activities, and therefore, was not able to identify which approved providers should have submitted annual data to the Agency during the examination period.

The 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 activities impacted certain criteria.

Agency officials stated, as it did in the prior examination, that it recognized deficiencies in the approved provider process in 2019 and began developing a tracking system for approved providers called the "PD+" system. The COVID-19 pandemic severely delayed the development of PD+ system.

Failure to perform random audits of licensees and adequately monitor providers providing professional development activities reduces accountability of educators and approved providers. Further, it could result in a licensed educator receiving less than high quality professional development or failing to meet State licensing standards.

AGENCY RESPONSE:

The Agency agrees with the finding. The Agency has resumed professional development educator audits and has implemented a new registration and renewal process in the PD+ system to track the providers offering professional development in Illinois.

UPDATED RESPONSE:

Partially Implemented.

The Agency implemented professional development educator audits. 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 ISBE's PD+ system to offer professional development activities to licensed educators for licensure renewal. ISBE will work towards facilitating

REVIEW:

the mandatory use of the PD+ system by all Illinois approved providers of professional development to effectively monitor and ensure professional development meets the required standards.

- 6. The auditors recommend the Agency implement internal controls to ensure future Strategic Plans are submitted timely in accordance with the School Code.**

FINDING: *(Noncompliance with Strategic Plan Requirements) – First reported 2020, last reported 2022*

The Illinois State Board of Education (Agency) did not comply with statutory requirements when drafting its Comprehensive Strategic Plans for Elementary and Secondary Education (Strategic Plan).

During the Agency's previous examination, auditors noted the Agency did not consult with the educational community, hold public hearings, or receive input from all interest groups when drafting the 2019 Strategic Plan. Additionally, they noted the Agency did not include all required information in either the 2018 or 2019 Strategic Plans.

During the Agency's current examination, the auditors noted the Agency sought legislative changes with Public Act 102-539, effective August 20, 2021, which streamlined the requirements of the Strategic Plan. The Strategic Plans submitted during the current examination period complied with the new requirements; however, they were not submitted timely. Specifically, they noted the Agency failed to timely submit its 2020 and 2021 Strategic Plans to the Governor and Illinois General Assembly due by July 1, 2020, and 2021, respectively. The Strategic Plans were filed on January 11, 2021, and July 7, 2021, which were 194 and 6 days late, respectively.

The School Code (105 ILCS 5/2-3.47a) requires the Agency to submit a continuing annual comprehensive strategic plan to the Governor and Illinois General Assembly on or before July 1 of each year.

Agency officials stated the report due July 1, 2020 was submitted late due to the impact of the COVID-19 pandemic. The publishing of the annual report due July 1, 2021 was delayed due to employee oversight.

Failure to timely submit the Agency's Strategic Plan represents noncompliance with the School Code and could lessen the effectiveness of the Agency to fulfill the Agency's mission, vision, and goals.

AGENCY RESPONSE:

REVIEW:

The Agency agrees with the finding. The annual report due July 1, 2022 was submitted on June 30, 2022. Efforts are underway to prepare and submit the next report by July 1, 2023.

UPDATED RESPONSE:

Implemented.

The finding was cleared in the FY23/24 Compliance Examination audit. 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.

- 7. The auditors recommend the Agency implement or revise its internal controls in order to obtain the required data needed to report on the climate survey results at each level required by State law.**

FINDING: *(Insufficient Controls over Surveys of Learning Conditions) – First reported 2020, last reported 2022*

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 the testing, the auditors noted the Agency failed to post the results from the 2019-2020 school year climate survey to their website and did not provide a publicly available report on the survey indicators at the school district or state level for any of the surveys administered.

The School Code (105 ILCS 5/2-3.153) requires a climate survey to be administered to students in grades 4 through 12 and teachers to provide feedback on the instructional environment within a school. The data from the survey must be reported to the Agency, and the Agency must publicly report on the survey indicators of learning conditions resulting from administration of the instrument at the individual school, district, and State levels.

Agency officials noted the 2019-2020 school year climate survey was not posted due to an executive decision made by the Agency's management team. The survey indicators are currently designed to provide results at the school-building level. Any aggregation of that data into a district or state-wide level overview would require additional research and likely more monetary investment which has not previously been allocated.

Failure to post the climate survey results and aggregate the data at the district and State level limits the availability of the necessary tools and resources to make important decisions regarding improvements in the instructional environment of schools.

AGENCY RESPONSE:

REVIEW:

The Agency agrees with the finding and recognizes the importance of the climate survey to allow districts and schools to make instructional-related decisions. The Agency is currently working with the 5 Essentials Climate Survey vendor to determine the feasibility and possibility of acquiring data at the school, district, and state-level.

UPDATED RESPONSE:

Partially Implemented.

The Agency is currently seeking legislative change to the statute to better reflect the data that is gathered and reported.

8. To ensure adequate controls over access to the Agency's information systems and applications, the auditors recommend the Agency:

- **Review users' access to mainframe and other applications periodically.**
- **Ensure users' access is timely terminated upon separation.**
- **Timely notify DoIT of changes in the Agency's Administrator for DoIT maintained applications.**

FINDING: *(Insufficient Controls over Termination and Review of Employee Access) – First reported 2020, last reported 2022*

The Illinois State Board of Education (Agency) did not implement adequate controls over termination and review of access to its information systems and applications.

Illinois State Board Web Application Security (IWAS)

The Agency did not perform an annual review of users' access to the IWAS application for fiscal years 2021 and 2022.

Further, auditors noted four of 17 (24%) terminated employees' access to the IWAS application had not been timely removed after separation. The rights were removed from five to 20 days after separation.

Other applications

During testing of 20 employees, auditors noted four employees (20%) had administrative rights to the Entity Profile System (EPS), Data Warehouse, Financial Reimbursement Information System (FRIS), and Student Information System (SIS) applications for which they either never utilized or were not aware they had administrative rights.

Security Software IDs

- The Agency did not perform a review of their security software IDs for the Department of Innovation and Technology's (DoIT) mainframe during the examination period.

Central Payroll System (CPS)

REVIEW:

- The Agency did not perform a review of the users with access to the Central Payroll System (CPS) during the examination period.
- Two employees in the Agency's information technology department had add, change, delete and inquiry rights to the CPS during the examination period.
- One employee with add, change, delete and inquiry rights to CPS left the Agency during the examination period; however, their permissions were not revoked.
- The Agency did not submit a DoIT service request for the change in the CPS Administrator.

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), Access Control section, requires entities to control employees' access to applications and terminate access upon separation and to periodically conduct reviews.

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 employee turnover, vacant positions, and oversight.

Inadequate controls over access to the Agency's system and applications could lead to unauthorized access and unauthorized use of its applications and related data.

AGENCY RESPONSE:

The Agency agrees with the finding. An Application Access Review Policy has been created and a procedure has been established to perform annual reviews of users' access to the IWAS and the applications hosted within IWAS. The process to disable IWAS accounts was assigned to additional staff and a new notification system was put in place to ensure timely disablement of accounts. The Agency has established a process of reviewing security software IDs on a quarterly basis and notifying DoIT in a timely manner with any changes.

UPDATED RESPONSE:

Partially Implemented.

The Agency continues to improve controls over access reviews and timely access revocations.

9. The auditors recommend the Agency:

- **Review SOC reports or conduct independent internal control reviews.**
- **Conduct an analysis to determine the impact of noted deviations within the SOC report.**

REVIEW:

- **Monitor and document the operation of the CUECs related to the Agency's operations.**
- **Obtain and review SOC reports for subservice providers or perform alternative procedures to determine the impact on its internal control environment.**
- **Develop and implement procedures for monitoring service providers.**
- **Obtain bridge letters to determine the impact on Agency internal control environment.**
- **Ensure contracts are entered into with service providers and ensure they contain requirements for independent reviews to be conducted.**

FINDING: *(Lack of Adequate Controls over the Review of Internal Controls over Service Providers) – First reported 2020, last reported 2022*

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. The auditors tested five service providers, noting the Agency had not:

- Reviewed the System and Organization Controls (SOC) report for one (20%) service provider.
- Documented the deviations noted in a SOC report or performed an analysis of the impact of those noted deviations on the Agency's internal control environment for one (20%) service provider.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) related to the Agency's operations for five (100%) service providers.
- Obtained and reviewed SOC reports for subservice providers or performed alternative procedures to determine the impact on its internal control environment for two of five (40%) service providers.
- Developed or implemented procedures for monitoring of five (100%) service providers.
- Obtained bridge letters for two (40%) service providers when SOC reports did not cover the entire examination period.

The auditors also noted the Agency did not have a contract with one (20%) service provider, therefore, did not have a mechanism to require independent reviews.

The Agency is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to assure confidential data is adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

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), Maintenance and System and Service Acquisition sections, requires

REVIEW:

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 or independent reviews.

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 issues noted were due to staff turnover and employee errors.

Without adequately reviewing a SOC report or performing another form of independent internal controls review, the Agency does not have assurance the service providers' internal controls are adequate and operating effectively.

AGENCY RESPONSE:

The Agency agrees with the finding. A new employee was hired and trained to accurately obtain and review SOC reports and Bridge Letters. The Agency is reviewing contracts to ensure that all service providers are covered and has begun performing post-performance monitoring reviews for cloud suppliers.

UPDATED RESPONSE:

Partially Implemented.

The Agency continues to improve controls over the review of internal controls over service providers. Agency staff assigned to reviews of service providers have been updated on the issues noted and will adjust the process to ensure report requirements are in place, reviews are complete and appropriate, deviations are analyzed, and reports and bridge letters are obtained for each fiscal year.

- 10. The auditors recommend the Agency establish internal controls to determine which entities or individuals the State Board contracts with or has written agreements with that hold covered information and publish a list of those entities along with a copy of each contract or written agreement in accordance with the State law.**

FINDING: *(Noncompliance with the Student Online Personal Protection Act) - New*

The Illinois State Board of Education (Agency) did not comply with the Student Online Personal Protection Act (Act).

During the testing, auditors noted the Agency failed to publish and maintain 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 or written agreement.

REVIEW:

According to the Student Online Personal Protection Act (Act)(105 ILCS 85/28(c)), effective July 1, 2021, at least once annually, the Agency is required to publish and maintain on its website a list of all of the entities or individuals, including, but not limited to, operators, individual researchers, research organizations, institutions of higher education, or government agencies, that the State Board contracts with or has written agreements with and that hold covered information and a copy of each contract or written agreement. The list must include the name of the entity or individual, the purpose and scope and duration of the contract or agreement, the types of covered information that the entity holds, the use of the covered information, the length of time for which the entity may hold the covered information, and a list of any subcontractors to whom covered information may be disclosed.

Agency officials indicated the mandate was new during the examination period with many new requirements involving numerous departments within the Agency. The requirement to publish a list of agreements with covered information was an oversight.

Failure to publish and maintain the list is noncompliance with the Act and limits Agency accountability regarding covered information and its uses.

AGENCY RESPONSE:

The Agency agrees with the finding and has implemented the recommended changes to correct the noncompliance issue. The Research Department has now published 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 or written agreement. To ensure the list is updated, the Agency has taken steps to automate this process through its Contract Authorization Form system.

UPDATED RESPONSE:

Implemented.

The finding was cleared in the FY23/24 Compliance Examination audit. 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 in accordance with the State law.

- 11. The auditors recommend Agency management implement internal controls to continually monitor the Program for changes in the 20 G.O. Bonds Index and ensure future loans are issued with interest rates that do not exceed the allowable limit. Additionally, they recommend the Agency modify the current loans issued with incorrect interest rates to the applicable rate and refund the two school districts the funds they overpaid.**

FINDING: *(Failure to Update Interest Rates for Loans Issued Under the School Technology Revolving Loan Program) - New*

REVIEW:

The Illinois State Board of Education (Agency) failed to update interest rates for loans issued under the School Technology Revolving Loan Program (Program).

During the testing, the auditors noted the Agency issued loan agreements to two school districts under the Program during Fiscal Year 2021 and 2022, totaling \$241,700. While reviewing both of these loan agreements, they noted the Agency charged the two school districts a higher stated interest rate than allowable by the School Code. The interest rate noted in the loan agreements was set at 2.00%, which exceeded the authorized limit allowed by statute. As a result, the two school districts overpaid the Agency on their obligations by a total of \$1,093.

The School Code (105 ILCS 5/2-3.117a(a)) requires the Agency to determine the interest rate the loans shall bear. The rate shall not be greater than 50% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most recent edition of The Bond Buyer. The 20 G.O. Bond Index of average municipal bond yields at the beginning of the Fiscal Year 2021 and 2022 application cycles were 2.16% and 2.20%, respectively. This means the maximum interest rate allowed on loans issued during the examination period was 1.08% and 1.10%, respectively.

Agency officials stated the loan rates were not updated due to significant leadership turnover in the responsible department within the Agency that runs the Program.

Failure to monitor and update interest rates represents noncompliance with the Code and resulted in school districts over paying loan obligations.

AGENCY RESPONSE:

The Agency agrees with the finding. We have implemented corrective action steps to ensure increased oversight of the interest rate calculations with a system of checks and balances from program staff to management. Additionally, the Agency will modify the current loans and refund the overpayments.

UPDATED RESPONSE:

Implemented.

The finding was cleared in the FY23/24 Compliance Examination audit. The Agency updated interest rates for loans issued under the School Technology Loan Program charged by the Agency which complied with Statutory requirements. Further, the Agency repaid the overpayments to the school districts that overpaid the Agency in the prior engagement period.

- 12. The auditors recommend the Agency revise administrative rules to comply with the updated legislation regarding funding for class size reduction. They further recommend the Agency request funding for the programs or seek legislative remedy.**

REVIEW:

FINDING: *(Failure to Update Administrative Rules for Class Size Reduction Funding Programs) - New*

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, auditors 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 (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 stated the class size reduction grant has not been funded since Fiscal Year 2009 and the mandate was not reassigned to Agency personnel when the legislation was updated in 2018. The lack of reassignment resulted in the administrative rules not being updated. Additionally, Agency officials stated there were no funding requests for the class size reduction program in Fiscal Year 2021 or Fiscal Year 2022.

Failure to update the administrative rules after legislative changes could lead to ambiguity regarding the eligibility of applicants and improper allocation of State funds. Additionally, failure to request funding potentially limits funds needed to support the class size reduction program as defined in the statute.

AGENCY RESPONSE:

The Agency agrees with the finding. We have initiated conversations with Legislative Affairs and identified this mandate for inclusion in our next ISBE-sponsored clean-up bill. This has been added to our department Planner to ensure follow through for the next convening of the General Assembly. If repeal is deemed not possible, we will proceed with rulemaking as needed.

UPDATED RESPONSE:

Partially Implemented.

The Agency is currently seeking a legislative repeal of the statute. If repeal is not achievable through legislative action, we will proceed with rulemaking as necessary.

- 13. The auditors recommend Agency management strengthen its procedures of reviewing the Reports prepared by staff to ensure it is accurate before**

REVIEW:

submission, and to ensure adequate documentation is retained by the Agency to support its preparation.

FINDING: *(Inadequate Control over Agency Workforce Reports) - New*

The Illinois State Board of Education (Agency) did not exercise adequate internal control over the preparation of its annual Agency Workforce Reports (Reports).

During testing, auditors noted the following:

- The support provided by the Agency did not agree with the Fiscal Year 2020 and Fiscal Year 2021 Reports, for multiple categories on each Report. Additionally, for both Reports, support provided for multiple categories did not include all of the persons employed by the Agency during each respective Fiscal Year.

The State Employment Records Act (5 ILCS 410/15) requires the Agency to collect and maintain the total number of persons employed by the Agency who are part of the State workforce, and the number and statistical percentage of women, minorities, and physically disabled persons employed within the workforce.

- The Agency was unable to provide support for the males and females with physical disabilities categories on the Fiscal Year 2021 Report.

The State Records Act (5 ILCS 160/8) requires the Agency to make and preserve records containing adequate and proper documentation of the organization. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001(4)) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are properly accounted for to permit the preparation of reliable statistical reports.

Agency officials indicated, due to employee turnover, different employees prepared the Report each year during the examination period, and insufficient documentation was retained by staff to support the data reported.

Failure to retain supporting documentation and accurately report statistical information regarding women, disabled, and minority groups, limits the usefulness of the Agency's reports and represents noncompliance with State laws.

AGENCY RESPONSE:

The Agency agrees with the finding. A new Human Resources Specialist has been hired and trained on preparing the report and storing all of the source documents by fiscal year. Once the report is completed, it will move through a review process by the Director of Human Resources.

UPDATED RESPONSE: **Implemented.**

REVIEW:

The finding was cleared in the FY23/24 Compliance Examination audit. The Agency made significant improvements to ensure reports were reviewed before submission and adequate documentation was retained to support information included in the report.

14. The auditors recommend the Agency:

- **Conduct a comprehensive risk assessment and implement risk reducing internal controls.**
- **Perform vulnerability scans and review results documenting the review including any corrective action plans taken to address the vulnerabilities.**
- **Maintain a complete list of security events.**
- **Develop configuration management policy and data classification policy.**
- **After establishing the data classification policy, ensure adequate protection of information by outlining the security controls for each classification.**

FINDING: *(Weaknesses in Cybersecurity Programs and Practices) - New*

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 the examination of the Agency's cybersecurity program, practices, and control of confidential information, auditors noted the Agency had not:

- Conducted a risk assessment during the examination period. The previous risk assessment was performed in 2019. Further, auditors noted various risks identified in the previous risk assessment were not addressed during the examination period.
- Performed vulnerability scans during the examination period.
- Established a configuration management policy.
- Established a comprehensive data classification methodology for classifying its data most susceptible to attack to ensure adequate protection.

The auditors also noted the Agency could not provide a log of cybersecurity events for the entire examination period. The log provided contained cybersecurity events for the period of November 2021 through June 2022.

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)

REVIEW:

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 employee turnover, vacant positions, and oversight.

The 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.

AGENCY RESPONSE:

The Agency agrees with the finding. The Agency is altering the schedule of their risk assessment to fall within audit examination periods. The Agency has acquired suitable penetration/vulnerability testing software and testing has commenced. The Agency has developed an Incident Tracking System to further expand the logging of cybersecurity events. The Agency has started drafting both a Configuration Management Policy and a Comprehensive Data Classification methodology.

UPDATED RESPONSE:

Partially Implemented.

The Agency continues to improve controls over cybersecurity. The Agency worked with a contractor to perform annual risk assessments. The Agency made improvements related to vulnerability scans and reviews, created a configuration management policy and incident response process document. The Agency is working on a governance framework and data classification policy to improve controls for each data classification.

- 15. The auditors recommend the Agency review servers routinely to ensure patches are installed timely. They also recommend the Agency develop a network configuration and patching policy and strengthen controls over network security.**

FINDING: *(Inadequate Security Controls) - New*

The Illinois State Board of Education (Agency) did not maintain adequate security controls over its computing environment.

REVIEW:

The Agency has established a myriad of applications in order to meet its mission and mandate. The Agency processes and maintains critical and confidential information within these applications.

As part of their testing, they obtained a population of servers to determine if the servers were properly updated for vendor released patches, service packs, and fixes to promote a secure computing environment. The auditors noted two of 15 (13%) servers were not patched in a timely manner. The delays ranged from 248 to 693 days after the release of the vendor's patch.

Additionally, they tested network configurations and policies, noting:

- The Agency did not have a network configuration and patching policy.
- The network's security settings had a weakness.

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, System and Information Integrity and Configuration sections, requires entities to develop system and integrity policies and procedures, install software and firmware patches, and maintain proper controls over network security.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency 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 oversight.

Failure to have adequate security controls over the Agency's environment increases the risk of unauthorized access and the confidentiality, integrity and availability of systems and data will be compromised.

AGENCY RESPONSE:

The Agency agrees with the finding. A review of the Agency's automated patching system was conducted to ensure the servers in question were added and scheduled reminders have been set to verify. A Firewall Configuration and Patching Policy was finalized. The network security settings were changed to remove said weakness.

UPDATED RESPONSE:

Implemented.

The finding was cleared in the FY23/24 Compliance Examination audit. The Agency established a Patch and Firewall Configuration Policy and continues to update and patch servers to strengthen controls over network security.

Emergency Purchases

REVIEW:

The Illinois Procurement Code (30 ILCS 500/) states, “It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts....” The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony. Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

The Board had no emergency purchases in FY21-22.

Headquarters Designations

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of July 2022, the Illinois State Board of Education had 10 employees assigned to locations others than official headquarters.