Recommendation 1: The Illinois State Board of Education should establish a central contact responsible for providing guidance to, and addressing questions posed by ROEs/ISCs.

Agency Response 1: The Agency has had a primary unit for ROEs/ISCs with consistent personnel throughout the last several years. Because ROEs are only one type of sub recipient for the Agency, each program provides oversight for service delivery as well. The ROE Liaison, in conjunction with the ROEs, has developed a continuous improvement process that links various deliverables per region. In addition, the ROE Liaison will establish a coordinating council to meet periodically and discuss various ROE/ISC related activities.

Recommendation 2: The Illinois State Board of Education should develop guidelines for allowable or unallowable expenditures for programs that provide funding to ROEs/ISCs.

Agency Response 2: Each program requires the grantor to provide the approach, deliverables, and detailed budget related to the delivery of the services. Before funds are released, ISBE approves these plans. Guidance is given in the request for proposals (rfps), training sessions, and application review. Continuing oversight is provided with a review of the actual expenditure reports, a closing grant report, and the annual audit report. The grant recipient is allowed flexibility in spending funds to the extent it is allowed in the enabling legislation. Federal grants provide guidance by fund source as well. The Agency will review various fund sources and consider locating information in one location.

Recommendation 3: The Illinois State Board of Education should work with ROEs to improve the use of appropriate expenditure codes as required by the ROE Accounting Manual. In order to achieve consistency, ISBE should consider training ROE accounting and bookkeeping staff in the appropriate use of these codes.

Agency Response 3: The Agency has provided training in previous years to both the ROE staff and CPAs. The Agency has developed accounting software with a uniform numbering system, multiple year program tracking, on-line bank reconciliations, and budget to actual reporting to reduce audit exceptions and improve overall compliance and management information. It has been quite successful in reducing audit issues. The Agency will partner with the ROEs and provide technical assistance as they address their internal training needs.

Recommendation 4: The Illinois State Board of Education should ensure that programs meet requirements set forth in the agency’s administrative rules including ensuring that
site visits, record, reviews, and annual evaluations are completed and that Regional Improvement plans contain all required elements.

Agency Response 4: The ROE Liaison rewrote directions for the Regional Improvement plans to ensure they included all aspects of the code, developed a review checklist, used readers to evaluate the grant applications, and will retain site visit documentation.

Recommendation 5: The Illinois State Board of Education should:
- Ensure that all of the smallest 10 ROEs provide services through a cooperative agreement with a larger ROE as is required by 23 Ill.Adm. Code 525.110(b);
- Maintain cooperative agreements for these 10 offices and ensure that the agreements are current and include sufficient information that details both program delegation and funding to provide the necessary means to monitor program and financial activities; and
- Ensure that third party transactions made by the ROEs are adequately monitored and that there is a written agreement with provisions for monitoring funding received from the State.

Agency Response 5: The Agency does obtain copies of the cooperative agreements required in the statute. However, the statute does not provide specific criteria for the contents. To the extent that there are funds expended, the Agency monitors the activity via the regional improvement plan, expenditure report, etc. and as previously described. The Agency will strongly urge the ROEs to maintain written contracts with their contractors.

Recommendation 6: The Illinois State Board of Education should:
- Review ISBE funding data presented in the A-133 audits for accuracy; and
- Ensure consistency in the reporting of programs and funds in these audits

Agency Response: Each draft audit is reviewed using an AICPA recommended checklist and averages six hours per report. Appropriate changes are requested of the CPA firms based on the 100+ pages of guidelines maintained and provided by this Agency. The Agency provides a confirmation of funds sent to each ROE that uses a consistent naming methodology as well as a fund source numbering system. Unfortunately, this Agency cannot address the methodologies of other funding organizations. The two exceptions were created via those other organizations.

Recommendation 7: The Illinois State Board of Education should monitor the use of interest income earned on State funds to ensure that these funds are used for the same purpose as the principal unless otherwise stated in the grant.

Agency Response 7: The Agency continues to stress the appropriate compliance with the Grants Recovery Act. The annual audits clearly identify findings regarding interest income and the Agency resolves those with the ROEs/ISCs. The accounting software makes tracking and spending the interest income substantially easier than other available
options. In addition, the Agency will review grant agreements to determine if any language changes will strengthen the guidance.

Recommendation 8: The Illinois State Board of Education should monitor to ensure that advisory boards meet six times per year as is required by law.

Agency Response 8: Meetings of this advisory board are required by law. However, the monitoring of compliance is not and this Agency has no authority to monitor or effect change in this area. We suggest that the Regional Superintendent’s Association consider reviewing this issue with its membership.

Recommendation 9: The Illinois State Board of Education should review additional compensation being received by Regional Superintendents and Assistant Superintendents to ensure that no conflicts of interest exist and should consider setting guidelines for additional compensation.

Agency Response 9: Considerable controls and monitoring over Agency funds have been previously described. As there is no prohibition to additional compensation, any known expenditures for superintendent services would have been reviewed to ensure that additional services were rendered. Since ROEs are separate legal entities directed by elected officials, this Agency has no access to compensation information outside of our funding sources nor does it have the authority to act. However, as elected officials, the Regional Superintendents are required by law to file economic interest statements annually with the county clerk in the county of their administrative offices. This provides comparable oversight to that of state employees and legislators.

Recommendation 10: The Illinois State Board of Education should consider requesting the General Assembly delete outdated and confusing language from State laws caused by the historical reduction in the number of Superintendent’s offices.

Agency Response 10: The Agency had requested and the Governor has appointed a commission to address school code changes. We expect this item to be included in that extremely large task.

Recommendation 11: The Illinois State Board of Education should include a clause in every contract and subcontract that allows the Auditor General access to records as required by the Illinois Procurement Code (30 ILCS 500/20-65).

Agency Response 11: The Agency’s contracts provide for access by ISBE, its representatives, and state and federal regulatory agencies. This language has been in place for more than a decade. The Agency believes this meets the requirement of law. However, as multi-year contracts are re-bid, the Agency will consider a language change.