TO: Illinois State Board of Education

FROM: Robert E. Schiller, Superintendent
       David Wood, Director

Agenda Topic: Finance, Audit and Agency Operations Status

Materials:
- Appropriations and Spending by Program
- Federal Applications and Awards (NA, has not changed since November)
- Financial Status Report (Contract & Grant Detail, including contracts to review for FY04 implementation)
- $1 M Contract (NA, there are no proposed contracts this month for the Board to review)
- Monthly Headcount Graph
- Staff Detail
- Personnel Transactions

Staff Contact(s): David Wood, Lynne Curry, and Clay Slagle.

Purpose of Agenda Item
To provide the Board standard reports with key information on fiscal and administrative activities of the state agency. The Board will review and understand the potential impact of the FY04 budget on agency contracts.

Expected Outcome(s) of Agenda Item
The Board will receive and approve baseline data from a series of reports on fiscal and administrative activities which provide one basis for gauging agency progress over time. The Board will approve the contract changes necessary to implement the FY04 budget.

Background Information
In June 2002, the State Board adopted bylaws outlining a new committee structure under which fiscal, audit and operations issues will be handled by the Fiscal and Audit Committee. Superintendent Schiller requested that the agency organize and standardize the financial and headcount data provided to the Board for their future policy work and decision-making.

Currently the following Reports are provided or are being developed.
1. Budget / Annual Report (Annually in January)
2. Condition of Public Education (December)
3. Comptroller SEA Report (Annually in February)
4. Appropriation and Expenditure (Monthly)
5. Financial Status Report - Contract/Grant Detail (Monthly)
6. Business Plans at the Director Level (Quarterly)
7. Headcount Reports (Monthly)
   - Personnel Transactions
   - Staff Detail by Division
   - Monthly Headcount Graph

The first and third reports have been provided for several years. These provide an overview of the elementary and secondary education system, the Board Goals, and the programs operated by the agency. This year the Condition of Public Education document was added to review the status of the elementary and secondary education system in Illinois. It is a precursor to the Annual Report/Budget document and much of it is incorporated into that document. It is intended to layout the current situation and challenges in Illinois and outline options for policy and program activities to improve the current situation in the future.

The Monthly or Quarterly Fiscal and Headcount Reports were first provided to the Board in August 2002. These provide information regarding staffing and funding as well as details of contracts over $50 thousand and grants the agency is processing.

Agency Business Plans were first implemented in FY01 to help the Board and Management provide context to the larger education system and the Board Goals and to walk between these and the detailed funding information at the Division level. The FY03 Business Plans are not yet complete. Initially, they were postponed until the agency could complete Risk Assessment Training, Staff/Function Analysis, and Performance Measurement Training. Most of this is now complete but the system is being amended to establish specific Agency Goals and Measures aligned to the Board Goals at the Director level. Since that process is still ongoing, the Business Plan report, originally scheduled for the end of the first quarter of FY03 has been rescheduled.

The Board specifically approves all proposed contracts over $1M prior to the issuance of an RFP. This month there are no such proposed contracts. However, the Board will review all major general funds contracts proposed for FY04.

**Superintendent’s Recommendation**
The Superintendent recommends that the Board accepts and approves these monthly reports.

**Next Steps**
Continue to provide these reports pursuant to the schedule above.