UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES
Chicago/Kansas City Audit Region

May 18, 2017

Control Number
ED-OIG/A05Q0003

Tony Smith, Ph.D.
State Superintendent of Education
Illinois State Board of Education
100 North 1st Street
Springfield, IL 62777

Dear Dr. Smith:

This final audit report, "Harvey Public School District 152: Status of Corrective Actions on Previously Reported Title I-Relevant Control Weaknesses," presents the results of our audit. The purpose of the audit was to determine whether Harvey Public School District 152 (District 152) completed corrective actions to remediate previously reported audit and monitoring report findings; if not, identify what corrective actions District 152 did not complete, determine why District 152 did not complete them, and describe the risks that still exist because District 152 did not complete the corrective actions. We limited our review to corrective actions taken in response to findings and recommendations relevant to Title I, Part A (Title I) of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, disclosed in audit and monitoring reports issued from January 1, 2008, through December 31, 2015. We evaluated the status of District 152's corrective actions as of June 2016.

We concluded that District 152 designed policies that should have been sufficient to remediate previously reported audit and monitoring report findings relevant to inventory management, unallowable and inadequately documented personnel and nonpersonnel costs, and payments to excluded parties. However, we concluded that District 152 was not following the redesigned policies for inventory management (see Finding No. 1) and had not developed procedures to provide reasonable assurance that it submits accurate periodic expenditure reports to the State (see Finding No. 2). As a result, assets purchased with Title I funds might be lost or misused and the Illinois State Board of Education (ISBE) might reimburse District 152 for more or fewer Title I expenditures than District 152 incurred.

ISBE agreed with our findings and all five recommendations, stating that it will require District 152 to (1) locate missing Title I assets or provide evidence that Title I assets were properly disposed, (2) implement policies and procedures to ensure that inventory sheets and disposal reports are reviewed for completeness and accuracy before the information is entered in the fixed asset database, (3) provide evidence that District 152 is maintaining accurate and complete inventory records for all Title I assets, (4) develop policies and procedures for reconciling planned expenditure report submissions with District 152's accounting records, and (5) have someone other than the preparer review the reconciliation before the information is reported to ISBE. We summarized the comments after each finding and included the full text of the comments as Attachment 2.

BACKGROUND

The Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, authorizes the Title I program. The purpose of the Title I program is to provide all children the opportunity to receive a fair, equitable, and high-quality education and to close educational achievement gaps. Title I authorizes the U.S. Department of Education (Department) to provide Title I grants to local educational agencies through State educational agencies. Title I is the largest Federal grant program for elementary and secondary education, providing more than $14.4 billion annually to supplement State and local funding for low-achieving children, especially those who are economically disadvantaged.

ISBE provided $1,822,413 in Title I funds to District 152 for fiscal year 2015 and $2,084,029 for fiscal year 2016.[1] During its 2015 school year, District 152 served about 2,300 students in nine schools. About 98 percent of the students were economically disadvantaged.

According to Title 2 of the Code of Federal Regulations (C.F.R.) § 200.501,[2] a recipient that spends Federal awards of $750,000 or more during the recipient's fiscal year is required to have a single or program-specific audit conducted for that year.[3] Further, ISBE has its Federal and State monitoring division conduct financial and compliance audits of local educational agencies in the State of Illinois.

An Office of Inspector General (OIG) audit report issued on November 25, 2008, disclosed significant weaknesses in District 152's internal control over accounting for and using Title I funds. To resolve the audit, the Department required ISBE to perform monitoring of District 152. ISBE completed the required monitoring and issued reports in 2011, 2012, and 2015 that identified weaknesses in internal control over District 152's Title I program that were similar to weaknesses identified in the 2008 OIG report. Reports on single audits for fiscal years 2010, 2011, 2012, and 2014 that were required by Office of Management and Budget Circular A-133 also identified weaknesses in District 152's internal control over the Title I program that were similar to weaknesses identified in the 2008 OIG report.

According to 2 C.F.R. § 200.511, recipients of Federal awards must follow up and take corrective action on all reported audit findings. Additionally, 2 C.F.R. § 200.331 requires recipients of Federal awards to follow up and ensure that subrecipients take timely and appropriate action on all deficiencies detected through audits, onsite reviews, and other means. Table 1 summarizes the findings reported in the 2008 OIG audit report; the 2011, 2012, and 2015

[1] District 152's fiscal year is from July 1 through June 30.
[2] All regulatory citations are to the 2014 volumes.
[3] Before December 26, 2014, the threshold requiring an annual audit pursuant to Office of Management and Budget Circular A-133 was $500,000.

ISBE monitoring reports; and the 2010, 2011, 2012, and 2014 single audit reports. In addition, Table 1 shows the corrective actions that District 152 was supposed to complete to resolve the reported weaknesses in internal control.

Table 1. Audit and Monitoring Report Findings and Corrective Actions

Finding	Recommended Corrective Actions (Report Source)
Inadequate inventory management	o Conduct an inventory of assets purchased with Title I funds (OIG: 2008). o Implement written procedures for performing a physical inventory of assets purchased with Title I funds at least every 2 years (OIG: 2008). o Comply with inventory requirements for stamping, marking, labeling, or engraving assets purchased with Title I funds (ISBE: 2011). o Maintain an adequate inventory record system (ISBE: 2012).
Inadequately documented and unallowable costs	o Provide adequate documentation to support inadequately documented costs or return the funds to the Department (OIG: 2008). o Develop and implement written policies and procedures for after-the-fact (a) semiannual certifications supporting personnel costs for employees working on a single program and (b) monthly personnel activity reports or equivalent documentation supporting personnel costs for employees working on multiple programs (OIG: 2008). o Train employees on these new procedures (OIG: 2008). o Implement policies, procedures, and processes to ensure that personnel costs are allowable and adequately documented (single audit: 2011). o Develop and implement procedures to ensure that all grant expenditures are allowable and support the intent of the program (ISBE: 2011, 2012, 2015). o Develop and implement procedures for maintaining adequate employee time distribution sheets, payroll reports, or class schedules to support personnel costs funded by more than one funding source (ISBE: 2012).
Inaccurate periodic expenditure reports	o Take due care in completing periodic expenditure reports to ensure that they reconcile with the detailed general ledger (single audits: 2010, 2011, 2012, 2014). o Submit accurate periodic expenditure reports (ISBE: 2011, 2012, 2015).
Excess cash	o Implement policies and procedures to provide reasonable assurance that the time between drawing down and expending grant funds is minimized (OIG: 2008). o Return imputed interest to the Department (OIG: 2008). o Accurately monitor drawdowns against expenditures to ensure District 152 does not receive advances of Federal funds in excess of expenditures (single audit: 2011).

Finding	Recommended Corrective Actions (Report Source)
Payments to excluded parties	o Use the Excluded Parties List System to verify that Federal grant funds are not used to pay parties excluded by the Federal government (single audit: 2010).

AUDIT RESULTS

We evaluated the status of its corrective actions as of June 2016 and concluded that District 152 designed policies that should have been sufficient to remediate the findings relevant to inventory management, unallowable and inadequately documented personnel and nonpersonnel costs, and payments to excluded parties disclosed in audit and monitoring reports issued from January 1, 2008, through December 31, 2015. We also concluded that District 152 implemented the policies, procedures, and practices that it designed to remediate findings of unallowable and inadequately documented personnel and nonpersonnel costs.[4] Additionally, in 2012, ISBE started disbursing Title I funds to subrecipients based on the reimbursement method of funding. Therefore, findings of excess cash could no longer occur unless a district overstated the expenditures it reported to ISBE. Furthermore, District 152 implemented the policies, procedures, and practices that it designed to remediate findings of payments to excluded parties.

However, we concluded that District 152 did not follow all of the policies that it designed to remediate findings of inadequate inventory management and did not design procedures to provide reasonable assurance that it submits accurate periodic expenditure reports to the State. As a result, assets purchased with Title I funds might be lost or misused, and ISBE might reimburse District 152 for more or fewer Title I expenditures than District 152 incurred.

FINDING NO. 1 – District 152 Did Not Implement All Inventory Management Policies

To remediate previously reported findings of inadequate management of assets purchased with Title I funds, District 152 was required to design and implement written procedures for performing a periodic physical inventory of Title I assets and maintaining an adequate inventory record system. On April 16, 2014, District 152 adopted inventory management policies and procedures that outlined requirements for (1) tagging Title I assets, (2) maintaining a record of disposed Title I assets, (3) conducting a physical inventory of Title I assets, (4) completing inventory sheets, and (5) using inventory sheets to update asset attributes recorded in a fixed asset database. The attributes required for assets purchased with Title I funds were condition, location within the building, make and model number, manufacturer, original cost, purchase date (month and year), serial number, and tag number.

However, as of June 2016, District 152 was not ensuring that employees recorded on inventory sheets all the required attributes for Title I assets and was not ensuring that disposal reports included all Title I assets that District 152 was in the process of disposing. We reviewed the fiscal year 2015 inventory sheets of Title I assets that District 152 completed for seven of its

[4] We found one minor instance of missing time and effort documentation.

schools.[5] The inventory sheets for all seven schools were missing one or more of the required attributes for Title I assets. We also tried to find 14 of the 566 Title I assets shown on the fiscal year 2015 inventory sheets. Only 6 of the 14 Title I assets were located at the schools listed on the inventory sheets or on the fiscal year 2016 disposal report. We could not locate the other eight assets—five notebook computers and three desktop computers. Seven of these computers were purchased before 2011.[6] The superintendent for District 152 told us that District 152 disposed of all eight assets. However, employees did not record the eight assets on District 152's disposal report. Because District 152 did not follow established policies for inventory management, assets purchased with Title I funds were not accurately recorded in District 152's fixed asset database. Additionally, Title I assets were more susceptible to loss or misuse.

District 152 did not implement its inventory management policies, procedures, and practices because, in part, it experienced frequent turnover in the lab assistant positions, the employees responsible for completing inventory sheets. Additionally, District 152 did not develop and implement a procedure to have someone other than the preparer review inventory sheets and disposal reports for accuracy and completeness. Having someone other than the preparer review inventory sheets and disposal reports for accuracy and completeness would help ensure that employees record all required attributes on inventory sheets, the fixed asset database is complete and accurate, and Title I assets can be readily located or identified as disposed.

Recommendations

We recommend that the Assistant Secretary for Elementary and Secondary Education instruct ISBE to—

1.1 Require District 152 to provide evidence that it can locate the eight Title I assets that we could not locate. If District 152 cannot locate any of the eight Title I assets, it should provide evidence proving that it properly disposed of and accounted for those assets in accordance with ISBE's equipment disposition procedures.

1.2 Direct District 152 to implement policies and procedures for ensuring that inventory sheets and disposal reports are reviewed for completeness and accuracy by someone other than the preparer before the information is entered in the fixed asset database.

1.3 Require District 152 to provide evidence to ISBE that it is maintaining accurate and complete inventory records.

ISBE Comments

ISBE agreed with the finding and recommendations and will require District 152 to take appropriate actions by May 1, 2017.

[5] Two of District 152's nine schools were for prekindergarten students. District 152 only reported Title I assets at its six elementary schools and one middle school.
[6] For one of the eight Title I assets, the inventory sheet did not include the purchase date.

FINDING NO. 2 – District 152 Did Not Take Due Care in Reporting Title I Expenditures

To remediate previously reported findings of inaccurate periodic expenditure reports, District 152 was directed to take due care in completing the reports and directed to ensure that the reports are reconciled with District 152's accounting records before expenditure data are submitted to ISBE. However, as of June 2016, District 152 still was not accurately completing the periodic expenditure reports and reconciling the reports with its accounting records. We compared the Title I expenditures for July 1, 2014, through November 23, 2015, recorded in the detail account activity report to the expenditures that District 152 reported through ISBE's Financial Reimbursement Information System (FRIS) on November 4, 2014; January 14, 2015; April 13, 2015; July 21, 2015; September 23, 2015; and December 3, 2015.[7] All six expenditure reports contained inaccuracies. For example, in November 2014, District 152 submitted through FRIS $8,327 in Title I expenditures that were not shown on the detail account activity report. In July 2015, District 152 reported through FRIS cumulative Title I expenditures that were $73,983 less than the cumulative Title I expenditures shown on the detail account activity report (see Table 2).

Table 2. Discrepancies Between the Cumulative Amount of Title I Expenditures Reported to ISBE and District 152's Accounting Records

Date Expenditures Reported to ISBE	Cumulative Amount Reported to ISBE	Cumulative Amount Recorded in District 152's Accounting Records	Discrepancy
November 4, 2014	$286,907	$278,580	$8,327
January 14, 2015	$444,405	$444,821	($416)
April 13, 2015	$725,962	$726,350	($388)
July 21, 2015	$1,360,975	$1,434,958	($73,983)
September 23, 2015	$1,728,279	$1,740,010	($11,731)
December 3, 2015	$1,822,413	$1,838,044	($15,631)

Because District 152 did not accurately report its Title I expenditures to ISBE, ISBE reimbursed District 152 for more or fewer Title I expenditures than the district incurred.

District 152 did not accurately complete the periodic expenditure reports because, despite repeated recommendations in reports on the single audits for fiscal years 2010, 2011, 2012, and 2014, District 152 did not implement policies and procedures for reconciling with its accounting records before reporting expenditures to ISBE through FRIS.

Recommendations

We recommend that the Assistant Secretary for Elementary and Secondary Education instruct ISBE to—

2.1 Require District 152 to develop policies and procedures for (a) reconciling planned expenditure report submissions with District 152's accounting records and (b) having

[7] District 152 exported data from its accounting system to create the detail account activity report.

someone other than the preparer review the reconciliation before the information is reported through FRIS to ISBE.

2.2 Verify that District 152 implements the policies and procedures it develops for reconciling planned expenditure report submissions with its accounting records and having the reconciliation reviewed before submitting the information through FRIS.

ISBE Comments

ISBE agreed with the finding and recommendations and will require District 152 to take appropriate actions by June 30, 2017.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether District 152 completed corrective actions to remediate previously reported audit and monitoring report findings; if not, identify what corrective actions District 152 did not complete, determine why District 152 did not complete them, and describe the risks that still exist because District 152 did not complete the corrective actions.

We limited our audit to corrective actions that District 152 took in response to Title I-relevant findings and recommendations reported in (1) a November 25, 2008, OIG audit report, "Harvey Public Schools District's Use of Selected U.S. Department of Education Grant Funds" (A05H0025); (2) three ISBE monitoring reports (April 15, 2011, April 23, 2012, and June 5, 2015); and (3) reports on required single audits for fiscal years 2010, 2011, 2012, and 2014. We did not assess District 152's compliance with any other Federal grant requirements. We evaluated the status of the corrective actions as of June 2016.

To achieve our audit objective, we identified the corrective actions that District 152 was required to complete by obtaining and reviewing (1) the 2008 OIG audit report, (2) three ISBE monitoring reports, (3) four required single audit reports, and (4) the program determination letter describing the corrective actions that the Department required District 152 to complete to resolve the 2008 OIG audit report.

To gain an understanding of laws, regulations, and policies that District 152 was required to adhere to, we reviewed Title I, Part A, of the Elementary and Secondary Education Act of 1965, as amended; 2 C.F.R. Part 200; 34 C.F.R. Part 76; Office of Management and Budget Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations;" ISBE's "State and Federal Grant Administration Policy, Fiscal Requirements and Procedures;" and District 152's board of education policies and procedures manual.

To gain an understanding of the corrective actions that District 152 took, we interviewed Department, ISBE, and District 152 officials. We also obtained and reviewed

- District 152's written corrective action plan for the 2008 OIG audit;
- District 152's written policies and procedures for purchases and contracts, time and effort documentation, and physical inventory; and
- ISBE's "State and Federal Grant Administration Policy, Fiscal Requirements and Procedures."

To determine whether District 152 implemented its policies and procedures for (1) affixing assets purchased with Title I funds with tags and (2) ensuring that inventory sheets recorded required Title I asset attributes, we reviewed the inventory sheets for seven schools for completeness, tried to locate a judgmentally selected sample of Title I assets at the locations indicated on the inventory sheets, and tried to confirm that District 152 affixed Title I tags to the assets. (We could not locate eight assets—five notebook computers and three desktop computers—included in our sample.)

To determine whether District 152 implemented its policies and procedures for ensuring that Title I expenditures were allowable and adequately documented, we reviewed documentation for one pay period for a judgmentally selected sample of employees whose salaries District 152 charged to Title I funds to ensure that the amounts that the employees were paid were based on the employees' pay rates and the time recorded on the employees' time sheets. We also reviewed documentation to verify that a judgmentally selected sample of nonpersonnel expenditures that District 152 charged to Title I funds were supported by approved purchase orders and invoices and that purchased items were received by the district.

To determine whether District 152 accurately reported Title I expenditures to ISBE, we compared the amounts and categories of all Title I expenditures that District 152 reported to ISBE through FRIS on November 4, 2014; January 14, 2015; April 13, 2015; July 21, 2015; September 23, 2015; and December 3, 2015, to the amount and categories of expenditures shown in District 152's financial records.

Data Reliability

To achieve our objective, we relied, in part, on expenditure data that District 152 provided to us from its financial records. We assessed the reliability of the computer-processed data by looking for duplicate entries, missing data, values outside a designated range, or values outside valid periods. We also compared the data to hard copy and electronic supporting documentation, such as time sheets, purchase orders, invoices, and statements showing the disbursement dates and amounts of Title I funds that District 152 received from ISBE. Based on these analyses and comparisons, we concluded that the District 152-provided expenditure data were sufficiently reliable for the purpose of our audit.

Sampling Methodology

To determine whether District 152 implemented the policies and procedures it designed to remediate previously reported Title I-relevant audit and monitoring report findings, we judgmentally selected three samples: (1) assets recorded on fiscal year 2015 inventory sheets, (2) employees whose salaries were charged to Title I funds, and (3) nonpersonnel expenditures charged to Title I funds from July 1, 2014, through November 23, 2015. Because we judgmentally selected the three samples, our sampling results might not be representative of the universes and, therefore, cannot be projected to the universes.

Assets Recorded on Fiscal Year 2015 Inventory Sheets
We judgmentally selected 14 (2 percent) of the 566 assets that District 152 purchased with Title I funds and included on its fiscal year 2015 inventory sheets. We chose judgmental sampling to ensure that our sample included assets that (1) were supposed to be located at each of District 152's seven schools; (2) did not have all property attributes, such as serial numbers and locations, recorded on the inventory sheets; and (3) were easier to misplace or were more susceptible to theft. We selected two assets from each of District 152's seven school buildings.

Employees Whose Salaries Were Charged to Title I Funds
We judgmentally selected 6 (5 percent) of 121 employees whose salaries District 152 charged to Title I funds for fiscal year 2015. We chose judgmental sampling to ensure that our sample included one employee from each of the six categories of employees who had salary charged to Title I (parent coordinator, site coordinator, technology specialist, Title I teacher, Title I secretary, systems operator). We selected one employee from each of these six categories to determine whether District 152 followed the same procedures for all Title I-relevant salary expenditures. For each of the six employees, we reviewed salary expenditures for one judgmentally selected pay period. We judgmentally selected pay periods to ensure that our sample included different pay periods in the fiscal year. Our selection included $11,127 (2 percent) of the $666,373 in personnel expenditures that District 152 charged to Title I for fiscal year 2015 for five employees and $4,000 in personnel expenditures that District 152 charged to Title I for fiscal year 2016 for one employee.[8]

Nonpersonnel Expenditures Charged to Title I Funds
We judgmentally selected 2 (1 percent) of the 241 nonpersonnel expenditures that District 152 charged to Title I funds from July 1, 2014, through November 23, 2015. The two nonpersonnel expenditures totaled $110,588, accounting for 14 percent of the $784,310 in nonpersonnel expenditures that District 152 charged to Title I funds for the period. From each of two categories (purchased services and supplies) to which District 152 charged Title I expenditures, we selected the largest expenditure. The two expenditures were for purchasing educational software hosting services and an annual software license.

We conducted this audit from April through November 2016 in Harvey, Illinois, and at our office in Chicago, Illinois. We discussed the results of our audit with ISBE and District 152 officials on December 19, 2016.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[8] One of the six employees listed on the payroll distribution report for fiscal year 2015 also worked in the summer. Although District 152 charged the personnel expenditures for the summer work to fiscal year 2016, we selected this transaction to ensure that we reviewed personnel expenditures covering as many different categories of employees as possible.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the OIG. Determinations of corrective action to be taken will be made by the appropriate Department officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department official, who will consider them before taking final departmental action on this audit:

Jason Botel
Principal Deputy Assistant Secretary for Elementary and Secondary Education and Acting Assistant Secretary for Elementary and Secondary Education
Office of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Ave., SW
Washington, DC 20202

The Department's policy is to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 calendar days would be appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation and assistance extended by ISBE and District 152 employees during our audit. If you have any questions or require additional information, please do not hesitate to contact me or Jonathan Enslen, Assistant Regional Inspector General for Audit, at 312-730-1620.

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General for Audit

Attachments

Attachment 1

Acronyms, Abbreviations, and Short Forms Used in This Report

C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
District 152	Harvey Public School District 152
FRIS	Financial Reimbursement Information System
ISBE	Illinois State Board of Education
OIG	U.S. Department of Education, Office of Inspector General
Title I	Title I, Part A, of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act

Attachment 2

Illinois State Board of Education

100 North First Street • Springfield, Illinois 62777-0001
www.isbe.net

James T. Meeks
Chairman

Tony Smith, Ph.D.
State Superintendent of Education

April 21,2017

Mr. Gary D. Whitman
Regional Inspector General Audit
Office of the Inspector General
U.S. Department of Education
500 West Madison Street, Suite 1414
Chicago, IL 60661

Dear Mr. Whitman:

Attached you will find the corrective action plans from the Illinois State Board of Education related to the findings identified in your audit of Harvey Public School District 152 as it relates to Title I control weaknesses, ED-OIG/A05Q0003. ISBE has addressed both findings noted with District 152 and will continue to work with them until the issues are resolved.

If you have any questions, please contact me at moller@isbe.net or 217-782-2237.

Sincerely,

/s/

Melissa Oller
Chief Internal Auditor
Illinois State Board of Education

Attachment

ED-OIG/A05Q0003
Harvey Public Schools District 152: Status of Corrective Actions on Previously Reported Title I – Relevant Control Weaknesses

ISBE Response to Finding 1 – District 152 Did Not Implement All Inventory Management Policies

ISBE agrees with Finding 1 and the recommendations.

1.1 ISBE has requested that District 152 leadership provide evidence to ISBE that they have located the missing Title I assets or provide evidence that the assets were properly disposed of by District 152 by May 1, 2017.

1.2 ISBE notified District 152 leadership they must implement policies and procedures to ensure that inventory sheets and disposal reports are reviewed for completeness and accuracy by someone other than the preparer before the information is entered in the fixed asset database. In order to demonstrate compliance with this requirement, Harvey SD 152 is required to provide ISBE at least the last five equipment purchases and the last five equipment disposals showing how the items were added to the inventory and/or disposed of, including evidence of appropriate reviews. ISBE requested a response from District 152 by May 1, 2017.

1.3 ISBE notified District 152 leadership they must provide evidence to ISBE by May 1, 2017 to support they are maintaining accurate and complete inventory records. ISBE has requested the district's most current inventory listing for all equipment and/or supplies that were purchased with Title I – Low Income Program funds.

ISBE Response to Finding 2 – District 152 Did Not Take Due Care in Reporting Title I Expenditures

ISBE agrees with Finding 2 and the recommendations. ISBE has assigned a Principal Consultant to support District 152 in the resolution of this finding. The Principal Consultant will coordinate efforts within the Agency to provide the necessary technical assistance needed by District 152 to ensure resolution.

2.1 ISBE has notified District 152 leadership they must develop policies and procedures for (a) reconciling planned expenditure report submissions with District 152's accounting records and (b) having someone other than the preparer review the reconciliation before the information is reported through FRIS to ISBE. ISBE is working with District 152 to ensure these policies and procedures are developed by June 30, 2017. ISBE has requested a copy of the policies and procedures upon completion.

2.2 ISBE has notified District 152 leadership they must submit evidence that supports the implementation of the policies and procedures they develop for reconciling planned expenditure report submissions with the accounting records and having the reconciliation reviewed before submitting the information through FRIS. The anticipated implementation date is June 30, 2017.