



**UNITED STATES DEPARTMENT OF EDUCATION**  
**OFFICE OF INSPECTOR GENERAL**

Audit Services  
Chicago/Kansas City Audit Region

June 7, 2007

**Control Number**  
**ED-OIG/A05G0033**

Christopher A. Koch, Ed.D.  
State Superintendent of Education  
Illinois State Board of Education  
100 N. 1st Street  
Springfield, Illinois 62777

Dear Dr. Koch:

This **Final Audit Report** presents the results of our audit entitled *Illinois State Board of Education's Compliance with the Title I, Part A, Comparability of Services Requirement*. Our audit objectives were to determine whether the Illinois State Board of Education (ISBE) (1) monitored local educational agencies' (LEA) compliance with the Title I, Part A, Comparability of Services requirement and (2) ensured that the LEAs were reporting complete and accurate comparability information to ISBE for the period July 1, 2005, through June 30, 2006 (2005-2006 program year). We also obtained information covering the period July 1, 2004, through June 30, 2005 (2004-2005 program year) to ensure annual compliance with comparability requirements.

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## **BACKGROUND**

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The Title I, Part A, program of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001 (P.L. 107-110), provides financial assistance through state educational agencies (SEA) to LEAs and those elementary and secondary schools with the highest concentrations of children from low-income families. To be eligible to receive Title I funds, an LEA must use state and local funds to provide services in Title I schools that, taken as a whole, are at least comparable to services provided in non-Title I schools. ISBE allocated ESEA, Title I grants totaling \$493,773,160 to 805 of 881 LEAs and \$508,561,936 to 798 of 874 LEAs in the 2004-2005 and 2005-2006 program years, respectively. The 2004-2005 program year was a non-reporting year; however, all LEAs are still required to maintain supporting documentation, in non-reporting years, to demonstrate that comparability was achieved and take appropriate corrective actions if comparability was not achieved.

ISBE’s External Assurance Department is responsible for monitoring LEAs’ compliance with Title I, as well as other federal programs. ISBE uses a risk and cyclical based approach for its monitoring process. Risk assessments for LEAs are based on the amount of funding received, past audit findings, adequate yearly progress status, and referrals. LEAs not identified as high risk receive on-site visits every three to five years, while LEAs identified as high risk are visited more frequently. Every year, all LEAs are required to complete and submit a self-monitoring checklist. According to an ISBE official, on-site visit procedures require the monitor to verify that the LEA is complying with comparability of services by tracing data reported on the comparability report to source documents.

To verify whether ISBE was monitoring LEAs’ compliance with the Title I, Part A, Comparability of Services requirement, we visited and conducted tests on three LEAs within the State of Illinois: Chicago Public Schools (CPS), Rockford Public Schools (RPS), and Troy Community Consolidated School District (Troy).<sup>1</sup> The Title I allocations for the LEAs’ 2004-2005 and 2005-2006 program years are presented in the table below.

<b>LEA Name</b>	<b>2004-2005 Title I Allocation</b>	<b>2005-2006 Title I Allocation</b>
CPS	\$263,947,034	\$282,376,376
RPS	\$9,472,991	\$10,564,857
Troy	\$100,840	\$104,808

For the 2004-2005 and 2005-2006 program years, ISBE allowed LEAs to select from two comparison methods to demonstrate comparability: Pupil/Staff Ratio and Salary/Pupil Ratio. According to ISBE’s written instructions, the LEA may choose only one comparison method, but, if after completing that method the LEA finds schools that are not comparable, it may change its method and enter the appropriate data.

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## **AUDIT RESULTS**

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ISBE did not adequately monitor LEAs’ compliance with the Title I, Part A, Comparability of Services requirement in the 2004-2005 and 2005-2006 program years. ISBE did not ensure (1) LEAs were reporting complete and accurate comparability information or (2) that all LEAs developed sufficient procedures for complying with the comparability of services requirement. Two of the three LEAs we visited, CPS and Troy, reported inaccurate or unsupported comparability information to ISBE. In addition, ISBE did not follow-up with CPS to ensure it made adjustments to its comparability information. ISBE’s failure to adequately monitor CPS and Troy permitted both districts to report inaccurate comparability data and allowed non-comparable schools within CPS to remain non-compliant. Although CPS had non-comparable schools in the 2004-2005 and 2005-2006 program years, ISBE did not cite CPS for not

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<sup>1</sup> By selecting 3 of 798 LEAs, we tested approximately 58 percent of the total Title I funding that ISBE distributed to the LEAs in the 2005-2006 program year.

complying with the comparability requirements and did not determine the amount of Title I funding that should have been withheld or needed to be repaid as a result of not meeting comparability. Therefore, ISBE was not able to demonstrate that CPS used state and local funds to provide services in Title I schools that were at least comparable to services provided in non-Title I schools. We recommend that the Assistant Secretary for Elementary and Secondary Education require ISBE to return to the United States Department of Education (Department) \$16,809,020 in Title I funds that CPS allocated to non-comparable schools in the 2004-2005 and 2005-2006 program years and that portion of \$529,514,390 in Title I funds received by any additional schools that ISBE determines to be non-comparable based on CPS' recalculation of its 2004-2005 and 2005-2006 program years' comparability determination.

In response to our draft report, ISBE concurred with our finding and concurred with all of our recommendations except for the financial restitutions. ISBE's comments are summarized after the recommendations, and the full text of the comments are included as an Attachment to this report.

### **FINDING – ISBE Did Not Adequately Monitor LEAs' Compliance with the Title I, Part A, Comparability of Services Requirement**

ISBE did not adequately monitor LEAs' compliance with the Title I, Part A, Comparability of Services requirement in the 2004-2005 and 2005-2006 program years. ISBE did not ensure (1) LEAs were reporting complete and accurate comparability information or (2) that all LEAs developed sufficient procedures for complying with the comparability of services requirement. In addition, ISBE did not follow-up with CPS to ensure it made adjustments to its comparability information. ISBE's failure to adequately monitor CPS and Troy permitted both districts to report inaccurate comparability data and allowed non-comparable schools within CPS to remain non-compliant.

#### Inadequate Monitoring of CPS

ISBE's monitoring of CPS was inadequate. ISBE did not ensure that CPS (1) reported accurate data, which resulted in some regular and charter schools incorrectly being reported as either comparable or non-comparable; (2) made needed staff adjustments; (3) submitted revised comparability determinations when needed; or (4) developed adequate procedures for complying with comparability of services requirements.

CPS reported inaccurate data on its 2005-2006 comparability reports for 5 of 20 schools we tested.<sup>2</sup> The inaccuracies resulted in one of the five schools, Farragut Career Academy, being reported as comparable when it was not. In addition, CPS reported charter schools on a separate comparability report, but also included some of the same charter schools on the comparability

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<sup>2</sup> CPS reported inaccurate expenditure and enrollment data on its 2005-2006 program year's comparability report for Chicago International-Prairie and Chicago International Charter School - Basil Campus, which are both charter schools. CPS reported inaccurate FTE and enrollment data for Volta, which is a regular school, on its 2005-2006 program year's comparability report. CPS reported inaccurate enrollment data for Reinberg and Farragut, which are both regular schools, on its 2005-2006 program year's comparability report. Farragut Career Academy received \$937,440 in 2005-2006 Title I allocations.

report for its regular, non-charter, schools.<sup>3</sup> Therefore, some schools’ data was used more than once in separate comparability determinations, which resulted in 14 schools erroneously being reported as non-comparable and 1 school erroneously being reported as comparable on the regular school comparability report.

ISBE did not follow-up with CPS to verify CPS made necessary staff adjustments to non-comparable schools. CPS reported 39 of 538 and 49 of 620<sup>4</sup> schools, between its regular and charter school comparability reports, that were not comparable in the 2004-2005 and 2005-2006 program years, respectively.<sup>5</sup> In an attempt to meet comparability, CPS opened 86 and 106.5 staff positions in its non-comparable schools in the 2004-2005 and 2005-2006 program years, respectively. Although CPS opened the staff positions, it did not ensure all the positions were filled. In the 2005-2006 program year, CPS filled only 19 of the positions that it opened in order to meet comparability requirements. By adding 19 positions CPS was able to make four non-comparable schools comparable. We did not determine how many positions from the 2004-2005 program year were filled.

The table below summarizes CPS’ non-comparable regular and charter school information for the 2004-2005 and 2005-2006 program years.

<b>Chicago Public Schools Non-Comparable School Information Program Years 05 and 06</b>		
	<b>2004-2005 Program Year</b>	<b>2005-2006 Program Year</b>
<b>Number of Schools CPS Reported as Non-comparable</b>	39	49
<b>Number of Additional Non-comparable Schools Based on OIG Data Analysis</b>	N/A	2
<b>Number of Schools Erroneously Reported as Non-comparable on Regular Report Due to Using Charter School Data Twice</b>	N/A	(14)
<b>Number of Schools Erroneously Reported as Non-comparable Twice</b>	N/A	(1)
<b>Number Schools Made Comparable Due to Filled Positions</b>	N/A	(4)
<b>Total Number of Non-Comparable Schools</b>	39	32
<b>Funding Allocated to Non-Comparable Schools</b>	\$10,050,340	\$6,758,680

ISBE did not require CPS to submit required comparability report revisions. CPS did not include charter schools on its comparability report in the 2004-2005 program year. Although ISBE requested that CPS recalculate 2004-2005 comparability with the charter schools included in the determination, it did not ensure that CPS submitted a revised comparability determination.<sup>6</sup> In the 2005-2006 program year, CPS reported charter schools on a separate comparability report.

<sup>3</sup> According to the Department’s Fiscal Guidance, an LEA may use a different method for determining comparability to account for differences between its charter schools and “regular” schools. So CPS is allowed to report charter schools on a separate comparability report.

<sup>4</sup> CPS reported 620 total schools on its 2005-2006 regular and charter school comparability reports. Our analysis of the reports revealed that some schools were reported more than once. The correct number of schools, excluding repeats, is 586.

<sup>5</sup> CPS overstated the amount of non-comparable schools it had in the 2005-2006 program year due to using charter school data twice. Based on our analysis of the data, we found that CPS had only 32 schools that were non-comparable in the 2005-2006 program year. See table on page 4 for further explanation.

<sup>6</sup> Although CPS was not required to submit a comparability report to ISBE in the 2004-2005 program year, a non-reporting year, it did so anyway, but neglected to include charter schools in the determination.

However, the regular school comparability report included charter school data more than once. ISBE did not require CPS to resubmit its regular school 2005-2006 comparability determination, as ISBE did not appear it was aware of the repeated school information until we brought it to ISBE's attention during our site visit. A CPS official said that CPS did not resubmit its regular school 2005-2006 program year comparability report, because ISBE did not direct CPS to resubmit it.

ISBE was not able to provide an explanation for why it failed to obtain revised and corrected comparability reports from CPS for the 2004-2005 and 2005-2006 program years. It is ISBE's policy to contact an LEA when it notes errors on the LEA's comparability report and request that the errors be corrected and the report resubmitted. If the LEA does not correct the errors and resubmit the comparability form, its funds are frozen until the issue is resolved. In this instance, ISBE did not follow its own policy, because it did not review CPS' 2005-2006 program year comparability reports to the extent necessary to detect CPS' reporting errors. ISBE requested that CPS submit a revised comparability report for the 2004-2005 program year, but failed to ensure that CPS completed and submitted the revised report.

ISBE did not ensure that CPS developed adequate procedures for complying with the comparability of services requirement. CPS' local procedures for compliance with the Title I, Part A, Comparability of Services requirement are inadequate. The procedures do not specify that only full-time equivalencies (FTE) from filled and not vacant positions be included in the comparability determination. CPS' local procedures state that if schools fail to demonstrate comparability, CPS is to inform the schools that they should hire a certain number of positions to meet comparability. According to a CPS official, hiring is left to the discretion of the school principals and CPS does not impose a penalty, such as withholding or freezing funds, for schools that fail to hire the required number of positions to achieve comparability. An official with the Department's Student Achievement and School Accountability (SASA) office informed ISBE in April of 2004, that merely opening positions in CPS' non-comparable schools would not be sufficient to ensure the schools were comparable. SASA reiterated that position when it identified this as a finding in a monitoring report dated June 2005. ISBE stated that it had informed CPS that merely opening positions in non-comparable schools was not sufficient to make the schools comparable. A CPS official told us that CPS includes open or vacant positions as instructional staff FTE on the comparability report.

#### Inadequate Monitoring of Troy

ISBE's monitoring of Troy was inadequate. During the 2005-2006 program year, Troy used the prior year's (2004-2005 program year) Individuals with Disabilities Education Act (IDEA) budgeted expenditures to calculate the portion of FTE paid with federal funds, which is subtracted from the total FTE amount reported for comparability. Troy received more IDEA funds in the 2005-2006 program year than in the 2004-2005 program year; therefore, a larger portion of FTE should have been subtracted from the FTE reported for comparability. As a result, Troy overstated its state and local FTE amount on its 2005-2006 comparability report by approximately 3.4 FTEs. However, we determined that comparability for the 2005-2006 program year was not impacted.

In the 2004-2005 and 2005-2006 program years, Troy used ISBE's Title I Instructions to complete the comparability report, because Troy did not have sufficient written instructions of its own for completing the comparability report. ISBE's Title I Instructions state that if an LEA has comparisons to make, federal funds are to be excluded in making calculations. ISBE's instructions provide an overall guideline that LEAs must follow in order to complete and submit the comparability report; however, the instructions do not reference specific situations that the individual LEA might encounter, such as the management of IDEA funds. An LEA's local procedures should address the circumstances specific to the LEA. Troy reported inaccurate data to ISBE because ISBE did not ensure that Troy had sufficient written procedures in place for completing the comparability report.

#### ISBE is Responsible for Monitoring the LEAs' Compliance with the Comparability of Services Requirement

The law and regulations require ISBE to monitor LEAs' compliance with the Title I, Part A, Comparability of Services requirement and ensure LEAs report complete and accurate comparability information. Title I, Part A, Section 1120A(c)(1)(A), of the ESEA states that an LEA may receive funds under this part only if state and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part. Under the *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, 34 C.F.R. §80.40(a), grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.<sup>7</sup>

According to ISBE's 2005-2006 Title I Comparability Instructions, if any schools within an LEA are not comparable, the LEA must first develop and submit to ISBE an explanation of how it will achieve comparability. After appropriate steps are taken, the LEA must then submit its revised calculations to ISBE. However, if schools within the LEA are still not comparable, ISBE will cite the LEA and a determination will be made concerning the amount of the LEA's Title I funds that are to be withheld or repaid. In addition, ISBE's instructions also state that the LEA must develop written procedures to ensure that comparable services are provided and demonstrate that the procedures, if implemented, do in fact achieve comparability. If schools within the LEA are not comparable, the district must use its written procedures to correct the imbalance, and must submit documentation to this effect.

CPS' local procedures state that all data, documents, and policies supporting the assurance and verifying compliance with the comparability requirement must be on file at the local Title I office. According to the local procedures, if such information does not demonstrate to state or federal auditors that comparability of services provided with state and local funds exists between Title I and non-Title I schools, the following actions may result: (1) Suspend immediately the Title I program at schools in non-compliance until such absence of comparability has been corrected, (2) Withhold payments of Title I funds based on the amount or percentage by which

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<sup>7</sup> All regulatory citations are as of July 1, 2004.

the school district is out of compliance, and/or (3) Have an LEA repay Title I funds for that project year through the date of suspension equal to the amount or percentage by which the school district has failed to meet the comparability requirement.

### ISBE Not Able to Demonstrate Whether CPS Provided Comparable Services

By not adequately monitoring LEA compliance with the Title I, Part A, Comparability of Services requirement, ISBE was not able to demonstrate whether CPS used state and local funds to provide services in Title I schools that were at least comparable to services provided in non-Title I schools in the 2004-2005 and 2005-2006 program years. In addition, ISBE's inadequate monitoring allowed CPS to report incomplete and inaccurate comparability data. CPS received \$282.3 million in Title I allocations (55.5 percent of the total allocations received by all LEAs) in the 2005-2006 program year. In both program years, CPS reported non-comparable schools and opened FTE positions in order to make the schools appear comparable. However, ISBE did not ensure that the positions opened to achieve comparability were filled. We noted comparability data reporting errors in 25 percent of the 2005-2006 program year data tested, which resulted in identifying an additional non-comparable school.<sup>8</sup> Therefore, errors might be present in the 2004-2005 comparability data CPS reported as well as the remaining untested 2005-2006 data. Although Troy was able to demonstrate that the errors made in reporting instructional staff FTE data did not impact comparability in the 2005-2006 program year, insufficient written procedures could lead to more reporting errors that may impact comparability in the future.

### **Recommendations**

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

- 1.1 Return \$16,809,020 in Title I, Part A, funds that CPS allocated to non-comparable schools in the 2004-2005 and 2005-2006 program years.<sup>9</sup>
- 1.2 Return that portion of \$529,514,390 in Title I funds received by additional schools that ISBE determines to be non-comparable, based on CPS' promised recalculation of its 2004-2005 and 2005-2006 program years' comparability determinations.<sup>10</sup>
- 1.3 Ensure that LEAs develop sufficient written procedures for compliance with the comparability of services requirement, which state clearly that only filled, not vacant, positions be included as part of instructional staff FTE count for purposes of comparability and address specific penalties for schools that fail to demonstrate comparability.

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<sup>8</sup> CPS erroneously reported data from its supporting documentation on the 2005-2006 comparability reports for 5 of 20 schools we tested. See footnote 2 for additional information.

<sup>9</sup> See table on page 4 for further explanation.

<sup>10</sup> ISBE allocated to CPS \$263,947,034 in Title I funds in the 2004-2005 program year and \$282,376,376 in the 2005-2006 program year (a total allocation of \$546,323,410 for both program years). We are already recommending that CPS return \$16,809,020 in Title I funds allocated to non-comparable schools for the two program years. Therefore, the balance of funds in question is \$529,514,390.

- 1.4 Ensure that LEAs required to submit revised comparability reports due to reporting errors do so in a timely manner, and ensure LEAs implement corrective actions.
- 1.5 For all future calculations, cite LEAs that do not comply with the comparability requirements and determine the amount of Title I funding to be withheld or repaid as a result of the LEAs' noncompliance.
- 1.6 Include detailed information in ISBE's Title I Instructions regarding the reporting of charter schools' comparability data and ensure that LEAs with charter schools have a clear understanding of the instructions.
- 1.7 Review CPS' 2006-2007 program year comparability determinations to ensure that complete and accurate comparability information was reported, school data was not included more than once, any positions opened to achieve comparability were filled, and only filled, not vacant, positions were included in instructional staff FTE count on the comparability reports.
- 1.8 Return that portion of Title I funds CPS allocated to schools that ISBE determines to be non-comparable for the 2006-2007 program year, based on its examination of CPS' 2006-2007 program year comparability determinations.

### **ISBE Comments**

ISBE concurred with our finding, partially concurred with Recommendations 1.1 and 1.2, and concurred with Recommendations 1.3 through 1.8. Instead of returning the \$16,809,020 of Title I, Part A, funds that were allocated to non-comparable schools in the 2004-2005 and 2005-2006 program years that was addressed in Recommendation 1.1, ISBE stated that it would follow CPS' written procedures when non-comparable schools are identified. CPS' written procedures provide an option for the LEA to repay Title I funds for that project year equal to the amount or percentage by which the school district has failed to meet the comparability requirement. As a result, ISBE stated that it would request CPS to return Title I, Part A, funds in the amount of \$1,649,301 based on ISBE's calculation of the amount by which CPS' schools were out of compliance. However, instead of returning \$1,649,301, ISBE requested that CPS be allowed to convert these funds to support the instructional program.

Instead of returning that portion of \$529,514,390 in Title I, Part A, funds received by additional schools that ISBE determines to be non-comparable that was addressed in Recommendation 1.2, ISBE stated it would calculate the amount of funds to be returned based on its methodology of determining the necessary amount of state or local funds needed to achieve comparability by each school. However, instead of returning these funds, ISBE requested that CPS be allowed to convert these funds to support the instructional program. ISBE indicated that it would complete additional fieldwork required to determine if any additional schools were not comparable in the 2004-2005 and 2005-2006 program years by June 30, 2007.

### **OIG Response**

Title I, Part A, Section 1120A(c)(1)(A), of the ESEA states that an LEA may receive funds under this part only if state and local funds will be used in schools served under this part to provide

services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part. While the ESEA indicates that an LEA should not receive Title I funds if its schools are not comparable, we recommended the return of funds that went to CPS schools that were not comparable and not CPS' entire allocation. According to the Department's *Non-Regulatory Guidance, Title I Fiscal Issues*, meeting the comparability requirement is the prerequisite to receiving any Title I, Part A funds and, therefore, the CPS schools identified as non-comparable were not entitled to receive any Title I, Part A funds. CPS' local procedures and ISBE's comments to the draft report stating that CPS will only repay the percentage by which school districts failed to meet the comparability requirement does not comply with federal requirements. In addition, some of the funds that ISBE requested CPS be allowed to convert to support the instructional program may be past the period of availability. Therefore, we did not revise the finding or change the recommendations.

We reviewed ISBE's recalculations and the supporting documentation that we received as part of the response to the draft report and concluded that the 2004-2005 and 2005-2006 charter school recalculations and the supporting documentation were inaccurate and incomplete and could not be accepted. ISBE did not recalculate CPS' charter school calculations using the same data CPS originally reported to ISBE. ISBE's comparability recalculations of CPS' charter schools for the 2004-2005 and 2005-2006 program years were completed using year-end enrollment and actual expenditure data from June 30, 2005, and June 30, 2006, respectively. However, comparability must be tested in the beginning of each school year to ensure that financial assistance is allotted to those elementary and secondary schools with the highest concentrations of children from low-income families. The comparability process must enable an LEA to identify, and correct during the current school year, instances in which it has non-comparable schools. In addition, it appears as though CPS cannot identify its charter schools' expenditures. CPS reported three different sets of expenditure data. CPS reported one set of expenditure data in its initial comparability report for the 2005-2006 program year. It reported a second set of data to the OIG during our audit, and a third set of data to ISBE during its site visit to conduct research for the recalculation. Finally, ISBE grouped CPS' charter schools in a different manner in its recalculation than CPS did when it originally reported its comparability to ISBE for the 2005-2006 program year.

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## **OBJECTIVES, SCOPE, AND METHODOLOGY**

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Our audit objectives were to determine whether ISBE (1) monitored LEAs' compliance with the Title I, Part A, Comparability of Services requirement and (2) ensured that the LEAs were reporting complete and accurate comparability information to ISBE for the 2005-2006 program year. Our audit covered the period July 1, 2005, through June 30, 2006 (2005-2006 program year). We also obtained information covering the period July 1, 2004, through June 30, 2005 (2004-2005 program year) to ensure annual compliance with comparability requirements.

To achieve our objectives, we

1. Obtained and reviewed audit reports and auditor documentation prepared by the Illinois Auditor General for ISBE and selected LEAs;<sup>11</sup>
2. Visited 3 LEAs (CPS, RPS, and Troy) that we judgmentally selected by stratifying the 798 LEAs into three categories (large, medium, and small) based on the amount of Title I allocations received in the 2005-2006 program year and selecting the highest funded LEA from each category;<sup>12</sup>
3. Gained a limited understanding of ISBE's and the selected LEAs' internal control structure, policies, procedures, and practices applicable to the Title I, Part A, Comparability of Services;
4. Determined how ISBE monitored LEAs' compliance with the comparability of services requirements;
5. Tested ISBE's monitoring of the selected LEAs' (a) procedures for complying with the comparability of services requirements and implementing the procedures annually and (b) maintenance of records that are updated biennially documenting compliance with the comparability of services requirement; and
6. Determined if the selected LEAs reported complete and accurate comparability data to ISBE by tracing a random sample of 20 of 581,<sup>13</sup> 5 of 43, and 4 of 4 schools' 2005-2006 program year's comparability data to accounting records for CPS, RPS, and Troy, respectively.

We also relied, in part, on computer-processed data used on comparability reports that ISBE and its LEAs entered in the County District School (CDS) system<sup>14</sup> and in their own systems. We determined whether the data were reliable by selecting and testing a judgmental sample of comparability data for 3 of the 798 LEAs that received Title I funding in the 2005-2006 program year. We gained a limited understanding of the related computer system controls and compared our sample of the three LEAs' data (such as the school code, school name, and grade span) from CDS to the corresponding data on the LEAs' No Child Left Behind Consolidated Applications. The data generally appeared to be complete and accurate and had corroborating evidence on which we could rely.<sup>15</sup> We concluded that the computer-processed data we were provided was sufficiently reliable for the purposes of our audit.

We conducted our fieldwork from September 12, 2006, through February 16, 2007, at ISBE's administrative offices in Springfield, Illinois; CPS' administrative offices in Chicago, Illinois;

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<sup>11</sup> We obtained and reviewed the State of Illinois Single Audit Report for the year ended June 30, 2004, and the State of Illinois Single Audit Report for the year ended June 30, 2005, prepared by KPMG; CPS' Single Audit Report for the year ended June 30, 2005, prepared by Deloitte & Touche; CPS' Single Audit Report for the year ended June 30, 2006, prepared by McGladrey & Pullen; RPS' Single Audit Reports for the years ended June 30, 2005, and June 30, 2006, prepared by Crowe Chizek; and Troy's Single Audit Reports for the years ended June 30 2005, and June 30, 2006, prepared by Wermer, Rogers, Doran & Ruzon.

<sup>12</sup> CPS was put into its own category because it received 55.5 percent of the total allocations received by all LEAs in program year 2005-2006.

<sup>13</sup> After further analysis, we determined the universe of CPS schools to be 586.

<sup>14</sup> The County District School system contains district/school demographic data. The system is used to electronically validate the ISBE Student Information System data.

<sup>15</sup> Corroborating evidence is evidence such as interviews, prior reports, and data in alternative systems.

RPS' administrative offices in Rockford, Illinois; and Troy's administrative offices in Plainfield, Illinois. We discussed the results of our audit with ISBE officials on March 26, 2007. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of audit described above.

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## **ADMINISTRATIVE MATTERS**

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Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken, including the recovery of funds, will be made by the appropriate Department of Education officials, in accordance with the General Education Provisions Act.

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 Education Department official, who will consider them before taking final Departmental action on this audit:

Kerri L. Briggs  
Acting Assistant Secretary  
Office of Elementary and Secondary Education  
US Department of Education  
400 Maryland Ave., SW, Room 3W315  
Washington, D.C. 20202

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 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.

Sincerely,  
/s/  
Gary D. Whitman  
Acting Regional Inspector General  
for Audit

Attachment

## ATTACHMENT: ISBE Comments on the Draft Report

The following eight pages are ISBE's comments addressing the draft report finding and recommendations. IBSE also provided additional supporting documentation that was not included in the Attachment but is available upon request. The final report finding was unchanged; however, we did modify Recommendation 1.5 for additional clarity by adding "for all future calculations."



## Illinois State Board of Education

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Rod Blagojevich  
Governor

Jesse H. Rulz  
Chairman

Christopher A. Koch, Ed.D.  
State Superintendent of Education

May 7, 2007

Mr. Richard J. Dowd  
Regional Inspector General for Audit  
U.S. Department of Education  
Office of the Inspector General  
Citigroup Center  
500 W. Madison Street, Suite 1440  
Chicago, IL 60661

Control Number  
ED-OIG / A05G0033

Dear Mr. Dowd:

I have received the Office of Inspector General's draft Audit Report, titled *Illinois State Board of Education's Title I, Part A, Comparability of Services Requirement*, dated April 4, 2007.

Enclosed is the Illinois State Board of Education's response to the finding and recommendations made by your audit team.

If you require further information on clarification, please contact Division Administrator, Robert Wolfe of the External Assurances Division at 217-782-7970.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher A. Koch".

Christopher A. Koch, Ed.D.  
State Superintendent of Education

cc: Jolanta Biskup, Office of Inspector General  
Lori Eichelberg, Office of Inspector General

Enclosure

## Illinois State Board of Education

Response to Title I, Part A, Comparability of Services Audit  
Control Number ED-OIG / A05G0033

### **FINDING**

#### **ISBE Did Not Adequately Monitor LEA Compliance with Title I, Part A, Comparability of Services**

##### **ISBE Response**

ISBE concurs with the audit finding as it relates to the noted deficiencies for Chicago Public Schools' (CPS) 2004-2005 and 2005-2006 school year comparability reports and for the lack of monitoring to ensure that LEAs have detailed written procedures for complying with the comparability of services requirements.

ISBE concurs with the audit finding as it relates to the noted deficiency that Troy School District did not have written procedures in place for completing the report.

##### **Recommendation 1.1**

*Return \$16,809,020 in Title I, Part A, funds that CPS allocated to non-comparable schools in the 2004-2005 and 2005-2006 program years.*

##### **ISBE Response**

ISBE partially concurs with the recommendation.

As stated in the audit report,

*CPS' local procedures state that all data, documents, and policies supporting the assurance and verifying compliance with the comparability requirement must be on file at the local Title I office. If such information does not demonstrate to state or federal auditors that comparability of services provided with state and local funds exists between Title I and non-Title I schools, the following actions may result: (1) Suspend immediately the Title I program at schools in noncompliance until such absence of comparability has been corrected, (2) Withhold payments of Title I funds based on the amount or percentage by which the school district is out of compliance, and/or (3) Have an LEA repay Title I funds for that project year through the date of suspension equal to the amount or percentage by which the school district has failed to meet the comparability requirement.*

The request for return of \$16,809,020 of Title I, Part A, funds is the total Title I, Part A allocations for the 39 schools for the 2004-2005 school year and 32 schools for the 2005-2006 school year that were not comparable.

Following CPS' written procedures, ISBE will request a return of Title I, Part A funds in the amount of \$1,649,301. Additional state or local funds were allocated to those schools for the hiring of additional positions necessary to achieve comparability. These positions were advertised but remained unfilled, resulting in the inability to demonstrate comparability in those schools. The \$1,649,301 amount represents the additional expenditures for the positions necessary to achieve comparability at those schools. (Exhibit I)

CPS requests that they be allowed to convert the funds provided for comparability positions that were not filled for the schools to support the instructional program. The funds would be utilized for professional development, instructional supplies and materials and other instructional expenses. CPS has requested not to return the \$1,649,301.

### **Recommendation 1.2**

*Return that portion of \$529,514,390 in Title I funds received by additional schools that ISBE determines to be non-comparable, based on CPS' promised recalculation of its 2004-2005 and 2005-2006 program years' comparability determination.*

### **ISBE Response**

ISBE partially concurs with the recommendation.

By June 30, 2007, ISBE will complete the additional fieldwork required to determine if any additional schools are not comparable and calculate the amount of funds to be returned based on the methodology of determining the necessary amount of state or local funds needed to achieve comparability by each school.

CPS requests that they be allowed to convert any identified funds to be returned as a result of not achieving comparability for the schools to support the instructional program. The funds would be utilized for professional development, instructional supplies and materials and other instructional expenses.

### **Recommendation 1.3**

*Ensure that LEAs develop sufficient written procedures for compliance with the comparability of services requirement, which state clearly that only filled, not vacant, positions be included as part of instructional staff FTE count for purposes of comparability and address specific penalties for schools that fail to demonstrate comparability.*

### **ISBE Response**

ISBE concurs with the recommendation.

ISBE will amend its Title I Comparability Instructions for the 2007 – 2008 school year to include the following statement:

An LEA must develop procedures for complying with the comparability requirements. Those procedures should be in writing and should, at a minimum, include the LEA's timeline for demonstrating comparability, identification of the position responsible for making comparability calculations, the measure and process used to determine whether schools are comparable, and how and when the LEA makes adjustments in schools that are not comparable.

In addition, ISBE will add a specific monitoring question to the NCLB Monitoring Instrument for the 2007-2008 school year that addresses the requirements for detailed written procedures.

#### **Recommendation 1.4**

*Ensure that LEAs required to submit revised comparability reports, due to reporting errors, do so in a timely manner, and ensure LEAs implement corrective actions.*

#### **ISBE Response**

ISBE concurs with the recommendation.

When it is determined that a LEA is required to submit revised comparability reports, ISBE will notify the LEA in writing of the requirement with a timeline for implementation of the corrective actions needed and the specific evidence needed to demonstrate that the corrective action has been implemented.

#### **Recommendation 1.5**

*Cite LEAs that do not comply with the comparability requirements and determine the amount of Title I funding to be withheld or repaid as a result of the LEAs' noncompliance.*

#### **ISBE Response**

ISBE concurs with the recommendation.

Now that ISBE has direction to request Title I, Part A funds be returned in the event that an LEA can not achieve comparability, it will do so in a timely manner.

#### **Recommendation 1.6**

*Include detailed information in ISBE's Title I Instructions, regarding the reporting of charter schools' comparability data, and ensure that LEAs with charter schools have a clear understanding of the instructions.*

### **ISBE Response**

ISBE concurs with the recommendation.

ISBE will amend its Title I Comparability Instructions for the 2007-2008 School Year to include detailed instructions to LEAs regarding their treatment of Charter Schools. Those instructions will include statements that:

1. A separate comparison for Charter Schools should be completed.
2. LEAs may use a different method for determining comparability for charter schools than the method utilized to determine comparability for regular schools.

### **Recommendation 1.7**

*Review CPS' 2006-2007 program year comparability determinations to ensure that complete and accurate comparability information was reported, school data was not included more than once, any positions opened to achieve comparability were filled, and only filled, not vacant, positions were included in instructional staff FTE count on the comparability reports.*

### **ISBE Response**

ISBE concurs with the recommendation.

By June 30, 2007, ISBE will review CPS' 2006-2007 school comparability determinations to ensure that complete and accurate comparability information and that the LEA employed corrective action for those schools that did not demonstrate compliance with the comparability requirement.

### **Recommendation 1.8**

*Return that portion of Title I funds CPS allocated to schools that ISBE determines to be non-comparable for the 2006-2007 program year, based on its examination of CPS' 2006-2007 program year comparability determinations.*

### **ISBE Response**

ISBE concurs with the recommendation.

By June 30, 2007, ISBE will complete the additional fieldwork required to determine if any additional schools are not comparable and calculate the amount of funds to be returned based on the methodology of determining the necessary amount of state or local funds needed to achieve comparability by each school.

CPS requests that they be allowed to convert any identified funds to be returned as a result of not achieving comparability for the schools to support the instructional program. The funds would be utilized for professional development, instructional supplies and materials and other instructional expenses.

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Exhibit I  
Schools Reported as Non-Comparable in School Year 2004-2005

Unit	Name	Title I Allocation	Identified Positions Needed to Achieve Comparability	Positions Added	Positions Needed to Achieve Comparability	Salary *	Amount of State or Local Funds Needed to Achieve Comparability
1200	Hancock	\$ 225,000	11.0		11.0	\$ 19,554	\$ 215,094
2250	Beidler	\$ 290,080	0.5		0.5	\$ 19,554	\$ 9,777
2260	Belding	\$ 72,000	0.5		0.5	\$ 19,554	\$ 9,777
2670	Carter	\$ 369,820	0.5		0.5	\$ 19,554	\$ 9,777
2740	Chalmers	\$ 172,080	0.5		0.5	\$ 19,554	\$ 9,777
2900	Copernicus	\$ 280,460	2.0	1.0	1.0	\$ 19,554	\$ 19,554
3010	Deneen	\$ 228,520	3.0	3.0	0.0	\$ 19,554	\$ -
3660	Gregory	\$ 304,140	0.5		0.5	\$ 19,554	\$ 9,777
3800	Harvard	\$ 285,600	1.5	1.0	0.5	\$ 19,554	\$ 9,777
3980	Lara Acad	\$ 203,000	1.0	1.0	0.0	\$ 19,554	\$ -
4410	Green Wend	\$ 94,080	3.0	3.0	0.0	\$ 19,554	\$ -
4570	Madison	\$ 255,680	2.5	2.0	0.5	\$ 19,554	\$ 9,777
4600	Northwest	\$ 379,680	2.0		2.0	\$ 19,554	\$ 39,108
4640	Faraday	\$ 221,900	1.5	1.0	0.5	\$ 19,554	\$ 9,777
4760	McKay	\$ 534,600	0.5		0.5	\$ 19,554	\$ 9,777
5020	Murphy	\$ 120,800	2.0		2.0	\$ 19,554	\$ 39,108
5040	Brown Acad	\$ 114,920	0.5		0.5	\$ 19,554	\$ 9,777
5420	Garvey	\$ 207,760	4.0	1.0	3.0	\$ 19,554	\$ 58,662
5580	Reavis	\$ 274,040	2.5	1.0	1.5	\$ 19,554	\$ 29,331
5600	Reinberg	\$ 200,600	0.5		0.5	\$ 19,554	\$ 9,777
5610	Revere	\$ 215,040	3.5	3.0	0.5	\$ 19,554	\$ 9,777
5750	Bontemps	\$ 319,680	4.0	3.0	1.0	\$ 19,554	\$ 19,554
5830	Sexton	\$ 412,460	5.5	3.0	2.5	\$ 19,554	\$ 48,885
5890	Sherman	\$ 302,400	2.0	1.0	1.0	\$ 19,554	\$ 19,554
6240	Twain	\$ 101,040	1.0		1.0	\$ 19,554	\$ 19,554
6320	Walsh	\$ 188,720	1.5	1.0	0.5	\$ 19,554	\$ 9,777
6390	Wentworth	\$ 329,940	1.5	1.0	0.5	\$ 19,554	\$ 9,777
6420	Whistler	\$ 216,920	4.0	4.0	0.0	\$ 19,554	\$ -
6500	Yale	\$ 213,120	2.5	1.0	1.5	\$ 19,554	\$ 29,331
6520	Young	\$ 583,800	1.0	1.0	0.0	\$ 19,554	\$ -
6550	Bond	\$ 316,800	3.0	1.0	2.0	\$ 19,554	\$ 39,108
6810	Price	\$ 151,320	1.0		1.0	\$ 19,554	\$ 19,554
6860	Dulles	\$ 412,800	1.0		1.0	\$ 19,554	\$ 19,554
6880	Banneker	\$ 337,680	5.5	4.0	1.5	\$ 19,554	\$ 29,331
6900	Ashe	\$ 182,620	2.0	1.0	1.0	\$ 19,554	\$ 19,554
6950	Mollison	\$ 187,440	0.5		0.5	\$ 19,554	\$ 9,777
7260	Westcott	\$ 252,280	1.0	1.0	0.0	\$ 19,554	\$ -
7820	Woodson	\$ 263,520	2.0	2.0	0.0	\$ 19,554	\$ -
8050	De Priest	\$ 228,000	5.5	4.0	1.5	\$ 19,554	\$ 29,331

**Total State and Local Funds Needed to Achieve Comparability for 2004-2005 School Year**      **\$ 840,822**

\* CPS First Year Teacher Assistant salary for the 2004-2005 School Year

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**Exhibit I**  
**Regular Schools Reported as Non-Comparable in School Year 2005-2006**

Unit	Name	Title I Allocation	Identified Positions Needed to Achieve Comparability	Positions Added	Positions Needed to Achieve Comparability	Salary *	Amount of State or Local Funds Needed to Achieve Comparability
1300	Farragut Career Acad	\$ 937,440	3.0		3.0	\$ 20,335	\$ 61,005
2260	Belding	\$ 99,170	1.5		1.5	\$ 20,335	\$ 30,503
2280	Bennett	\$ 181,260	5.0	4.0	1.0	\$ 20,335	\$ 20,335
2510	Castellanos	\$ 268,800	5.0	5.0	0.0	\$ 20,335	\$ -
2800	Cleveland	\$ 192,660	3.0		3.0	\$ 20,335	\$ 61,005
2870	Jordan School	\$ 204,600	1.5		1.5	\$ 20,335	\$ 30,503
3130	Earle	\$ 209,950	0.5	0.5	0.0	\$ 20,335	\$ -
3330	Fernwood	\$ 172,920	2.0	1.0	1.0	\$ 20,335	\$ 20,335
3350	Field	\$ 219,240	1.5		1.5	\$ 20,335	\$ 30,503
3660	Gregory	\$ 192,150	0.5		0.5	\$ 20,335	\$ 10,168
4030	Holmes	\$ 285,600	2.0	2.0	0.0	\$ 20,335	\$ -
4100	Cullen	\$ 151,280	0.5	0.5	0.0	\$ 20,335	\$ -
4230	Jungman	\$ 140,910	0.5		0.5	\$ 20,335	\$ 10,168
4280	Key	\$ 190,080	3.0	2.0	1.0	\$ 20,335	\$ 20,335
4550	Lawrence	\$ 243,100	0.5	0.5	0.0	\$ 20,335	\$ -
5290	Park Manor	\$ 161,280	1.0		1.0	\$ 20,335	\$ 20,335
5380	Washington H	\$ 263,040	0.5	0.5	0.0	\$ 20,335	\$ -
5440	Pirie	\$ 165,490	1.5		1.5	\$ 20,335	\$ 30,503
5550	Ravenswood	\$ 163,200	3.0		3.0	\$ 20,335	\$ 61,005
5660	Ruggles	\$ 162,840	1.0		1.0	\$ 20,335	\$ 20,335
6360	Washington G	\$ 182,560	0.5		0.5	\$ 20,335	\$ 10,168
6370	Waters	\$ 136,300	0.5		0.5	\$ 20,335	\$ 10,168
6760	Dvorak Acad	\$ 241,560	1.5		1.5	\$ 20,335	\$ 30,503
6970	Tanner	\$ 204,600	2.5	2.0	0.5	\$ 20,335	\$ 10,168
7010	Powell	\$ 169,470	3.0		3.0	\$ 20,335	\$ 61,005
7250	Hinton	\$ 245,760	2.5	1.0	1.5	\$ 20,335	\$ 30,503
7260	Westcott	\$ 216,480	1.5	1.5	0.0	\$ 20,335	\$ -
7300	AAST - Orr Hs	\$ 137,640	2.0		2.0	\$ 20,335	\$ 40,670
7490	Evergreen Acad	\$ 145,000	2.0	2.0	0.0	\$ 20,335	\$ -
7830	Claremont Academy	\$ 239,200	3.0	3.0	0.0	\$ 20,335	\$ -
Sub-Total							\$ 620,218

\* CPS First Year Teacher Assistant salary for the 2004-2005 School Year

**Charter Schools Determined to be Non-Comparable in School Year 2005-2006 After ISBE Fieldwork**

Unit	Name	Title I Allocation	Charter School Enrollment	Amount of State or Local Funds per Pupil Needed to	Amount of State or Local Funds Needed to Achieve Comparability
2600	University of Chicago	\$ 93,500	193.0	\$ 431.78	\$ 83,334
3500	Aspira Charter School	\$ 84,930	525.0	\$ 87.21	\$ 45,785
2490	Yng Women Lead Charter	\$ 70,560	331.0	\$ 178.68	\$ 59,143
Sub-Total					\$ 188,262

State or Local Funds Needed to Achieve Comparability for 2005-2006	\$ 808,479
State or Local Funds Needed to Achieve Comparability for 2004-2005 (pg 1 of 2)	\$ 840,822
<b>Total</b>	<b>\$ 1,649,301</b>