



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #17
DEWITT, LIVINGSTON, LOGAN AND MCLEAN COUNTIES

FINANCIAL AUDIT (In accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2021

Release Date: June 15, 2022

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 1	<u>Repeat</u> 0	<u>Total</u> 1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(21-1)** The Regional Office of Education #17 did not have sufficient internal controls over the financial reporting process.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and/or **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with federal and/or State laws and regulations.

REGIONAL OFFICE OF EDUCATION #17
DEWITT, LIVINGSTON, LOGAN AND MCLEAN COUNTIES

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2021

	FY 2021	FY 2020
TOTAL REVENUES	\$8,776,604	\$6,746,532
Local Sources	\$2,719,135	\$1,432,947
% of Total Revenues	30.98%	21.24%
State Sources	\$4,611,485	\$4,404,420
% of Total Revenues	52.54%	65.28%
Federal Sources	\$1,445,984	\$909,165
% of Total Revenues	16.48%	13.48%
TOTAL EXPENDITURES	\$8,497,317	\$6,225,631
Salaries and Benefits	\$4,374,698	\$4,464,586
% of Total Expenditures	51.48%	71.71%
Purchased Services	\$2,703,163	\$1,299,077
% of Total Expenditures	31.81%	20.87%
All Other Expenditures	\$1,419,456	\$461,968
% of Total Expenditures	16.70%	7.42%
TOTAL NET POSITION	\$486,718 ¹	\$(39,535)
INVESTMENT IN CAPITAL ASSETS	\$839,286	\$447,713
¹ The FY 2021 beginning net position was restated by \$246,966 due to the reclassification of a fund under new reporting requirements for fiduciary funds. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Mark Jontry Currently: Honorable Mark Jontry

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #17 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #17 (ROE) did not have sufficient internal controls over the financial reporting process.

Effective June 25, 2021, Public Act 102-0025 allowed a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen to utilize the GAAP basis of accounting for financial statement reporting.

The Regional Office is required to maintain a system of controls over the preparation of financial statements. The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The financial statements submitted for audit contained errors and inaccuracies related to pension transactions as follows:

- The ROE reported an asset for its proportionate share of the net pension asset for the Illinois Municipal Retirement Fund (IMRF) pension plan amounting to \$409,843. However, this net pension asset was not separately reported from the net pension liability for the Teacher's Retirement System (TRS) in the financial statements, causing the net position restricted for educational purposes to be understated by \$409,843.
- The ROE's proportionate share of the net pension liability for the TRS pension plan was \$145,052, but the ROE erroneously reported and disclosed TRS net pension liability to \$120,565, which actually represents the amount of member contributions in Fiscal Year 2021.
- Deferred inflows for assumption changes for IMRF amounting to \$45,747 were not included in the deferred inflows reported and disclosed or in the amortization worksheet for deferred inflows/outflows.
- Contributions for IMRF disclosed in the notes to the financial statements amounting to \$91,896 did not agree to the contributions reported in the Required Supplementary Schedule of Employer Contributions of \$111,685.

- The target allocation disclosed for IMRF used the prior year information and was not updated to reflect the current year's information.

As a result of the above errors, the related pension adjustments in the government-wide financial statements were inaccurately calculated and reported. The ROE subsequently revised its financial statements to adjust the pension related accounts in the financial statements and updated the notes to the financial statements.

Regional Office management indicated this was an oversight. (Finding 21-001, pages 15 – 16)

The auditors recommended the ROE should implement comprehensive preparation and/or review procedures as part of their internal control over the preparation of financial statements to ensure the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations. Additionally, the ROE's management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE's financial statements.

ROE Response: *The Regional Office is working with their accounting firm to prepare accurate financial statements and disclosures.*

In addition, the Regional Office will be converting to a modified cash basis for financial reporting beginning in FY22.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #17's financial statements as of June 30, 2021 are fairly presented in all material respects.

This financial audit was conducted by the firm of Adelfia LLC.

SIGNED ORIGINAL ON FILE

JOE BUTCHER
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:BAO