STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL
Christopher B. Meister, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #4
BOONE AND WINNEBAGO COUNTIES

FINANCIAL AUDIT (In accordance with the Uniform Guidance)
For the Year Ended: June 30, 2023

Release Date: October 28, 2026

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2019		23-1	
Category 2:	0	2	2	2019		23-2	
Category 3:	0	1	1	2016			23-3
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- **(23-1)** The Regional Office of Education #4 had inadequate control over receipts.
- **(23-2)** The Regional Office of Education #4 had inadequate controls over the bank reconciliation process.
- (23-3) The Regional Office of Education #4 did not provide completed financial statements in an auditable form by the August 31 deadline.

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 #4
BOONE AND WINNEBAGO COUNTIES

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2023

	FY 2023	FY 2022
TOTAL REVENUES	$8,729,620	$7,585,770
Local Sources	$2,371,578	$1,469,998
% of Total Revenues	27.17%	19.38%
State Sources	$5,257,413	$5,417,888
% of Total Revenues	60.22%	71.42%
Federal Sources	$1,100,629	$697,884
% of Total Revenues	12.61%	9.20%
TOTAL EXPENDITURES	$8,112,655	$6,575,034
Salaries and Benefits	$5,837,956	$5,285,626
% of Total Expenditures	71.96%	80.39%
Purchased Services	$1,560,907	$910,795
% of Total Expenditures	19.24%	13.85%
All Other Expenditures	$713,792	$378,613
% of Total Expenditures	8.80%	5.76%
TOTAL NET POSITION	$7,688,290	$7,071,325
INVESTMENT IN CAPITAL ASSETS	$0	$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Scott Bloomquist
Currently: Honorable Scott Bloomquist

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE INTERNAL CONTROL OVER RECEIPTS

The Regional Office of Education #4 had inadequate internal control over receipts.

The Regional Office of Education #4 (ROE) had inadequate internal control over receipts. During testing of receipts, auditors noted the following:

- 23 of 40 receipts tested (58%), totaling $698,524, had no documentation when the checks were received. As a result, we were unable to determine whether non-electronic cash receipts were deposited in a timely manner.

Sound internal controls require a policy on timeliness of deposits, either based on dollar threshold or defined timeframe, from the date of receipt. There should be documentation of the date when cash and checks are received. Supporting documentation should be maintained for receipt transactions. (Finding 2023-001, pages 14-15) **This finding was first reported in 2019.**

ROE officials indicated the exceptions noted above relate primarily to miscellaneous receipts (principally those received non-electronically) and not necessarily all cash receipts. The exceptions noted were due primarily to oversight.

The auditors recommended ROE 4 should maintain adequate documentation to ensure cash receipts are deposited in a timely manner and receipts are properly supported.

ROE Response: *When this matter was called to management's attention in May 2024 (as part of the audit of fiscal year 2019), management promptly implemented improved procedures regarding miscellaneous cash receipts including improved documentation and standards for prompt deposit to the bank. We believe our improved procedures have addressed the concerns of this finding.*

INADEQUATE CONTROLS OVER BANK RECONCILATION PROCESS

The Regional Office of Education #4 had inadequate controls over the bank reconciliation process.

The Regional Office of Education #4 (ROE) maintains 10 bank accounts. We tested 3 of 10 (30%) bank accounts and reviewed their monthly reconciliations and noted the following:

- 5 of 36 (14%) monthly bank reconciliations were prepared 7 to 26 days late.

Effective internal control policies require complete and accurate accounting records of all transactions of the entity. Sound internal controls require bank reconciliations to be performed accurately and promptly, no later than the end of the following month. Reconciling items should be investigated immediately, and adjustments made to the general ledger. Bank reconciliations should also be reviewed and approved by a person independent of the preparer in a timely manner.

ROE officials indicated the exceptions noted above were due to the volume of accounts and lack of sufficient staff. (Finding 2023-002, pages 16-17) **This finding was first reported in 2019.**

The auditors recommended the ROE should prepare monthly bank reconciliations no later than the end of the following month.

ROE Response: *The ROE has taken steps to reduce the number of cash bank accounts required for the organization and has also placed a very high priority on the timely completion of monthly bank reconciliations. When this matter was called to management's attention in May 2024 (as part of the audit of fiscal year 2019), management took prompt steps to assure that all bank reconciliations since that time were begun timely, and to assure that reconciling items were identified by the end of the following month. In most cases, all reconciling items are also resolved in that timeframe or shortly thereafter. This allows for timely final completion of the bank reconciliations.*

DELAY OF AUDIT

The Regional Office of Education #4 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #4 (ROE) did not provide completed financial statements in an auditable form by the August 31st deadline. The June 30, 2022 audit was not released until January 28, 2026. The

completed June 30, 2023 financial statements were provided to auditors on February 16, 2026.

The ROE is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The ROE may 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 the cash basis of accounting for financial reporting.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15th of the succeeding fiscal year. Financial reports are to be available no later than August 31st in order for the annual audit to be completed by an independent auditor selected by the Auditor General. In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

The ROE officials indicated that the initial delays that affected earlier years related to internal personnel issues and software program changes that caused the office to experience difficulty in providing information by the required timeline. Since those initial causes have been largely resolved, the Regional Office of Education No. 4 has experienced delays in the preparation of the financial statements and schedules which contributed to an inability to get caught up. (Finding 23-003, pages 18-19) **This finding was first reported in 2016.**

The auditors recommended the ROE should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). These financial statements need to be presented to the Auditor

General's independent auditors for audit by the August 31st deadline.

ROE Response: *Since the initial delays, the ROE changed to the cash basis of accounting (as had been previously recommended). This has simplified both the financial statement presentation and the process to prepare the financial statements and schedules. An outside Certified Public Accounting firm continues to be engaged to better prepare all financial statements and schedules necessary for audit. Importantly, the ROE has been actively pursuing an accelerated schedule of past due audits so that this matter may be fully resolved without significant further delay. This is the fourth year of audited financial statements to be completed and issued in the most recent eighteen months. The Illinois Auditor General has been cooperating with this accelerated schedule of audits.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #4's financial statements as of June 30, 2023 are fairly stated in all material respects.

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

SIGNED ORIGINAL ON FILE

TRICIA WAGNER
Division Director

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

SIGNED ORIGINAL ON FILE

CHRISTOPHER B. MEISTER
Auditor General

CBM:JRB