



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #56**  
**WILL COUNTY**

**FINANCIAL AUDIT (In Accordance with the Uniform Guidance)**      **Release Date: November 1, 2018**  
**For the Year Ended: June 30, 2017**

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2010	Category 1	Category 2	Category 3
<b>Category 1:</b>	<u>New</u> <b>0</b>	<u>Repeat</u> <b>1</b>	<u>Total</u> <b>1</b>	<b>17-1</b>			
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
FINDINGS LAST AUDIT: 2							

**SYNOPSIS**

- **(17-1)** The Regional Office of Education #56 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.

{ Revenues and expenditures are summarized on the reverse page. }

**REGIONAL OFFICE OF EDUCATION #56**  
**WILL COUNTY**

**FINANCIAL AUDIT**  
**(In Accordance with the Uniform Guidance)**  
**For The Year Ended June 30, 2017**

	<b>FY 2017</b>	<b>FY 2016</b>
<b>TOTAL REVENUES</b>	\$5,234,084	\$5,376,274
Local Sources	\$1,547,118	\$1,690,326
% of Total Revenues	29.56%	31.44%
State Sources	\$2,558,780	\$2,385,349
% of Total Revenues	48.89%	44.37%
Federal Sources	\$1,128,186	\$1,300,599
% of Total Revenues	21.55%	24.19%
<b>TOTAL EXPENDITURES</b>	\$5,439,217	\$5,290,936
Salaries and Benefits	\$3,426,377	\$3,241,214
% of Total Expenditures	62.99%	61.26%
Purchased Services	\$1,404,189	\$1,324,881
% of Total Expenditures	25.82%	25.04%
All Other Expenditures	\$608,651	\$724,841
% of Total Expenditures	11.19%	13.70%
<b>TOTAL NET POSITION</b>	\$5,242,797 <sup>1</sup>	\$5,448,421
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$0
<p><sup>1</sup>The FY 2016 beginning net position was restated by (\$491) due to a prior period adjustment to correct the balances of deferred outflows of resources and deferred inflows of resources.</p> <p>Percentages may not add due to rounding.</p>		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Shawn T. Walsh
Currently: Honorable Shawn T. Walsh

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #56 did not have sufficient internal controls over the financial reporting process.**

The Will County Regional Office of Education #56 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE maintained its accounting records on the cash basis of accounting during the fiscal year and posted year-end accrual entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of generally accepted accounting principles (GAAP) based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with GAAP. The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

During review of the financial information prepared by the ROE, auditors noted the Regional Office's financial information required material adjusting entries in order to present its financial statements in accordance with GAAP. In addition, the ROE did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by Regional Office management.

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. Also, the complex requirements of GASB Statements No. 68 and No. 71 require additional time and training before the ROE can fully implement the requirements on its own. (Finding 2017-001, pages 13-14) **This finding was first reported in 2010.**

The auditors recommended that as part of its internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

**ROE Response:** *The ROE has contracted with an independent auditing firm to prepare and ensure that the GAAP financial statements are complete and accurate. The auditing firm possesses a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.*

**Prior Year ROE Response:** *The ROE accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.*

*The ROE will continue to work with the other Regional Offices to determine the most effective method of ensuring employees possess the knowledge required to compile the necessary GAAP based financial statements.*

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #56's financial statements as of June 30, 2017 are fairly stated in all material respects.

This financial report was conducted by the firm of McGreal & Company, PC.

**SIGNED ORIGINAL ON FILE**

KELLY MITTELSTAEDT  
Audit Manager

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:JMM