



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

FINANCIAL AUDIT (In Accordance with the Uniform Guidance)

Release Date: February 19, 2025

For the Year Ended: June 30, 2024

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

SYNOPSIS

- (24-1) The Intermediate Service Center #4 had inadequate Controls over Grants Compliance.
- (24-2) The Intermediate Service Center #4 had uncollateralized and uninsured deposits.

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.

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2024

	FY 2024	FY 2023
TOTAL REVENUES	\$9,467,283	\$6,460,719
Local Sources	\$3,685,755	\$2,799,284
% of Total Revenues	38.93%	43.33%
State Sources	\$4,998,270	\$3,367,522
% of Total Revenues	52.80%	52.12%
Federal Sources	\$783,258	\$293,913
% of Total Revenues	8.27%	4.55%
TOTAL EXPENDITURES	\$8,111,620	\$5,676,186
Salaries and Benefits	\$5,522,735	\$4,008,819
% of Total Expenditures	68.08%	70.63%
Purchased Services	\$1,596,375	\$1,172,417
% of Total Expenditures	19.68%	20.66%
All Other Expenditures	\$992,510	\$494,950
% of Total Expenditures	12.24%	8.72%
TOTAL NET POSITION	\$6,960,987	\$5,605,324
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT

During Audit Period: Dr. Vanessa J. Kinder
Currently: Dr. Anthony Marinello

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER GRANTS COMPLIANCE

The Intermediate Service Center #4 had inadequate Controls over Grants Compliance

The South Cook Intermediate Service Center #4 (ISC) had inadequate controls over grant compliance to ensure all grant reports during the fiscal year were timely reported and grant requirements were met.

The grant award agreement between the U.S. Department of Justice and the ISC requires the ISC to complete and submit federal financial reports quarterly and progress reports semi-annually. The quarterly financial reports are due 30 calendar days after the end of the reporting quarter while the semi-annual progress reports are due 30 calendar days after the reporting semi-annual period.

Additionally, the grant award agreement between the Regional Office of Education No. 56 and the ISC requires the ISC to submit quarterly expenditure and Grant Accountability and Transparency Act (GATA) reports. These reports will be submitted no later than the 10 days after the end of each quarter. Also, one of the core services and required state activities is to create a Community Advisory Group.

Finally, the Code of Federal Regulations (Code) (2 CFR. §200.303 (a)) requires the ISC to establish and maintain effective internal control over the federal award to provide reasonable assurance the ISC is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure compliance with grant requirements.

During testing of the ISC's compliance with the grant requirements, auditors noted the following:

For Public Safety Partnership and Community Policing Grants-

- One of 2 (50%) quarterly federal financial reports were submitted 36 days late.
- One of 1 (100%) semi-annual performance report was submitted 47 days late.

For McKinney-Vento Education for Homeless Children and Youth-

- Four of 4 (100%) quarterly expenditure reports and the GATA reports were submitted but the ISC was unable to provide proof of submission; therefore, auditors were unable to determine if the required reports were submitted timely or at all.

- The ISC did not formally establish a Community Advisory Group.

Intermediate Service Center management indicated that the issues were due to a combination of website technical difficulties, changes in administrative access to the grant reporting system, and management oversight. (Finding 2024-001, pages 14-16)

The auditors recommended the ISC implement procedures to ensure adherence to the grant reporting requirements. In addition, auditors recommended that the ISC establish the advisory group as stipulated in the grant agreement.

ISC Response: *The ISC agrees with the finding. Management is in the process of developing more formal and comprehensive grant monitoring procedures that will include a checklist for all the necessary reporting and compliance requirements. Specifically for the Mc-Kinney Vento grant, formal documentation of the Community Advisory Group will be obtained in consultation with the grantor.*

UNCOLLATERALIZED AND UNINSURED DEPOSITS

The Intermediate Service Center #4 had uncollateralized and uninsured deposits.

The South Cook Intermediate Service Center #4 (ISC) had uncollateralized and uninsured deposits. The ISC did not obtain sufficient collateralization for cash deposits held at one of the financial institutions utilized by the ISC. As of June 30, 2024, the ISC deposits exceeded the \$250,000 insured by Federal Deposit Insurance Corporation (FDIC) by \$154,411.

The Public Funds Deposit Act (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the ISC's name. In addition, prudent business practice requires that all cash and investments held by financial institutions for the ISC be adequately covered by depository insurance or collateral.

Intermediate Service Center management indicated collateralization of deposits exceeding FDIC insurance limits was overlooked by management. Historically, the account balance had remained significantly below the FDIC insurance threshold. However, due to additional funding, the account balance now exceeds the insured limit. (Finding 2024-002, page 17)

The auditors recommended the ISC implement procedures to monitor collateral held for its bank accounts and establish controls for confirming amounts pledged by the bank on a regular basis, especially when cash balances exceed the amount covered by the FDIC.

ISC Response: *The ISC agrees with the finding. Management will develop monitoring procedures of the bank balances to ensure amounts maintained are within the FDIC limits or obtain additional collateral if necessary.*

AUDITORS' OPINION

Our auditors state the Intermediate Service Center #4's financial statements as of June 30, 2024 are fairly presented in all material respects.

This financial audit was conducted by the firm of Roth & Company, LLP.

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:JRB