



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #1**  
**ADAMS, BROWN, CASS, MORGAN, PIKE AND SCOTT COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2020**

**Release Date: March 31, 2021**

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS					
				Repeated Since	Category 1	Category 2	Category 3	No Repeat Findings	
	<u>New</u>	<u>Repeat</u>	<u>Total</u>						
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>Category 2:</b>	<b>2</b>	<b>0</b>	<b>2</b>						
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>2</b>						
FINDINGS LAST AUDIT: 0									

**SYNOPSIS**

- **(20-1)** The Regional Office of Education #1 had inadequate controls over the bank reconciliation process.
- **(20-2)** The Regional Office of Education #1 had inadequate controls over receipts.

**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 #1**  
**ADAMS, BROWN, CASS, MORGAN, PIKE, AND SCOTT COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2020**

	<b>FY 2020</b>	<b>FY 2019</b>
<b>TOTAL REVENUES</b>	\$3,887,160	\$3,607,055
Local Sources	\$1,003,931	\$1,024,812
% of Total Revenues	25.83%	28.41%
State Sources	\$2,272,479	\$2,050,416
% of Total Revenues	58.46%	56.84%
Federal Sources	\$610,750	\$531,827
% of Total Revenues	15.71%	14.74%
<b>TOTAL EXPENDITURES</b>	\$3,905,572	\$3,521,751
Salaries and Benefits	\$2,191,131	\$2,013,984
% of Total Expenditures	56.10%	57.19%
Purchased Services	\$666,919	\$597,079
% of Total Expenditures	17.08%	16.95%
All Other Expenditures	\$1,047,522	\$910,688
% of Total Expenditures	26.82%	25.86%
<b>TOTAL NET POSITION</b>	\$1,538,569	\$1,556,981
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$64,110	\$65,419
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Jill Reis
Currently: Honorable Jill Reis

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER BANK  
RECONCILIATION PROCESS**

**The Regional Office of Education #1 had inadequate controls over the bank reconciliation process.**

The Regional Office of Education #1 (ROE) did not have adequate controls over the bank reconciliation process. The ROE maintained 11 bank accounts. During the audit, auditors noted that for 7 bank accounts, monthly reconciliations were not performed timely for 5 out of 12 months. Twenty-six of 100 monthly bank reconciliations (26%) were reconciled more than a month 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. 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.

Regional Office officials indicated bank reconciliations for July 2019 and August 2019 were delayed because they had to wait for adjustments from their consultant to roll over the Fiscal Year 2019 ending balances in their accounting system. Additionally, due to the COVID pandemic, the monthly bank reconciliations from March 2020 to May 2020 were not completed until June 2020, due to varied staff schedules during such time. (Finding 20-001, pages 11 – 12)

The auditors recommended the ROE should prepare monthly bank reconciliations on a timely basis. This would ensure that the cash balance per ledger is correct and cash transactions are fully accounted for. The ROE should cross-train employees to avoid untimely processing of bank reconciliations, have a written policy on monthly performance of bank reconciliations, and identify alternative procedures to manage emergency situations.

**ROE Response:** *The data transfer of moving to a new accounting system and the COVID-19 pandemic created challenges that resulted in monthly bank reconciliations not being completed in a timely manner.*

*Management accepts this finding and will cross-train additional employees and identify alternative procedures to manage emergency situations.*

## INADEQUATE CONTROLS OVER RECEIPTS

**The Regional Office of Education #1 had inadequate controls over receipts.**

The Regional Office of Education #1 (ROE) did not document the date of cash receipts. During the audit, auditors used the dates of the checks received to determine the timeliness of deposit. Auditors noted 14 of 40 receipts tested (35%), totaling \$207,256, were not timely deposited, ranging from 2 to 71 days late.

Sound internal controls require policy on timeliness of deposits, either based on dollar threshold or defined timeframe, from date of receipt.

Regional Office officials indicated the exceptions noted were because they have not formally documented their deposit policy, which includes timing of deposit and required supporting documentation such as receipt date. (Finding 20-002, page 13)

The auditors recommended the ROE should implement controls and maintain adequate supporting documentation to ensure cash receipts are deposited in a timely manner.

**ROE Response:** *Management accepts this finding and will implement controls to maintain adequate supporting documentation to ensure cash receipts are deposited in a timely manner.*

### AUDITORS' OPINION

Our auditors state the Regional Office of Education #1's financial statements as of June 30, 2020 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:JRB