



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #8
CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2020

Release Date: March 17, 2021

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2010	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>				
Category 1:	0	1	1	20-1			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(20-1)** The Regional Office of Education #8 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 #8
CARROLL, JO DAVIESS, AND STEPHENSON COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2020

	FY 2020	FY 2019
TOTAL REVENUES	\$6,619,380	\$6,523,973
Local Sources	\$1,292,339	\$1,484,120
% of Total Revenues	19.52%	22.75%
State Sources	\$5,216,847	\$4,904,654
% of Total Revenues	78.81%	75.18%
Federal Sources	\$110,194	\$135,199
% of Total Revenues	1.66%	2.07%
TOTAL EXPENDITURES	\$6,548,143	\$6,583,297
Salaries and Benefits	\$3,977,775	\$3,984,103
% of Total Expenditures	60.75%	60.52%
Purchased Services	\$771,926	\$858,948
% of Total Expenditures	11.79%	13.05%
All Other Expenditures	\$1,798,442	\$1,740,246
% of Total Expenditures	27.46%	26.43%
TOTAL NET POSITION	\$(474,877)	(\$546,114)
INVESTMENT IN CAPITAL ASSETS	\$45,850	\$25,345
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT

During Audit Period: Honorable Aaron Mercier

Currently: Honorable Aaron Mercier

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #8 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #8 (ROE) did not have sufficient internal controls over the financial reporting process. While the ROE maintained control over the processing of most accounting transactions, there were not sufficient controls over the preparation of the 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 and correct financial statement misstatements and disclosure omissions in a timely manner.

The Regional Office 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 ROE's financial information, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate.

The Regional Office's management indicated they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP. (Finding 2020-001, pages 11-12) **This finding was first reported in 2010.**

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

ROE Response: *The ROE understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The ROE has contracted with an outside company to prepare financial statements in accordance with GAAP. We will continue to work on our*

internal procedures and with our financial report preparer to improve our accuracy in reporting.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #8's financial statements as of June 30, 2020 are fairly presented in all material respects.

This financial audit was conducted by the firm of Winkel, Parker & Foster, CPA PC.

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