



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #9
CHAMPAIGN AND FORD COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2019

Release Date: February 27, 2020

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

SYNOPSIS

- **(19-1)** The Regional Office of Education #9 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 #9
CHAMPAIGN AND FORD COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2019

| | FY 2019 | FY 2018 |
|--|------------------------|----------------|
| TOTAL REVENUES | \$5,928,565 | \$5,449,933 |
| Local Sources | \$1,978,175 | \$1,553,398 |
| % of Total Revenues | 33.37% | 28.50% |
| State Sources | \$3,473,018 | \$3,154,634 |
| % of Total Revenues | 58.58% | 57.88% |
| Federal Sources | \$477,340 | \$741,901 |
| % of Total Revenues | 8.05% | 13.61% |
| TOTAL EXPENDITURES | \$6,911,647 | \$5,150,985 |
| Salaries and Benefits | \$5,175,911 | \$3,428,371 |
| % of Total Expenditures | 74.89% | 66.56% |
| Purchased Services | \$1,175,455 | \$922,066 |
| % of Total Expenditures | 17.01% | 17.90% |
| All Other Expenditures | \$560,281 | \$800,548 |
| % of Total Expenditures | 8.11% | 15.54% |
| TOTAL NET POSITION | \$156,551 | \$1,139,633 |
| INVESTMENT IN CAPITAL ASSETS | \$165,211 ¹ | \$133,412 |
| ¹ Capital asset amounts include debt associated with a capital lease. | | |
| Percentages may not add due to rounding. | | |

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| REGIONAL SUPERINTENDENT |
| During Audit Period: Dr. Jane Quinlan Currently: Honorable Gary Lewis |

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #9 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #9 (ROE) did not have sufficient internal controls over the financial reporting process in order to record and present the pension and other postemployment benefits other than pensions (OPEB) information in accordance with the Governmental Accounting Standards Board (GASB). The ROE maintained its accounting records on cash basis accounting during the fiscal year and posted year-end accrual and other applicable entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions and prepared its financial statements, there were not sufficient controls over the preparation of generally accepted accounting principles (GAAP) basis 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 internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP basis financial statements and include all disclosures as required by the GASB.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources, pension expense/income, and OPEB expense/income in accordance with GAAP.

The Regional Office management indicated the complex requirements of GASB Statements No. 68, No. 71, and No. 75 will require additional time and training before the ROE can fully implement the requirements on its own. (Finding 19-001, pages 11a – 11b)

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

applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

ROE Response: *The ROE has secured the services of an accounting firm that has significant experience with Regional Offices of Education to prepare a compilation of their financial statements and notes in accordance with GAAP for fiscal year 2020.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #9's financial statements as of June 30, 2019 are fairly presented in all material respects.

This financial audit was conducted by the firm of Kemper CPA Group 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

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