



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #12**  
**CLAY, CRAWFORD, JASPER, LAWRENCE, AND RICHLAND COUNTIES**

FINANCIAL AUDIT  
 For the Year Ended: June 30, 2021

Release Date: March 30, 2022

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>				
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Category 2:</b>	<b>1</b>	<b>0</b>	<b>1</b>				
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>				
FINDINGS LAST AUDIT: 0							

**SYNOPSIS**

- (21-1) The Regional Office of Education #12 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 #12**  
**CLAY, CRAWFORD, JASPER, LAWRENCE AND RICHLAND COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2021**

	<b>FY 2021</b>	<b>FY 2020</b>
<b>TOTAL REVENUES</b>	\$1,860,103	\$2,538,409
Local Sources	\$265,002	\$302,899
% of Total Revenues	14.25%	11.93%
State Sources	\$1,421,886	\$2,163,246
% of Total Revenues	76.44%	85.22%
Federal Sources	\$173,215	\$72,264
% of Total Revenues	9.31%	2.85%
<b>TOTAL EXPENDITURES</b>	\$1,869,614	\$2,765,086
Salaries and Benefits	\$1,397,035	\$2,309,056
% of Total Expenditures	74.72%	83.51%
Purchased Services	\$272,640	\$305,277
% of Total Expenditures	14.58%	11.04%
All Other Expenditures	\$199,939	\$150,753
% of Total Expenditures	10.69%	5.45%
<b>TOTAL NET POSITION</b>	\$2,316,707 <sup>1</sup>	\$1,132,024
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$99,467	\$86,623
<sup>1</sup> The FY 2021 beginning net position was restated by \$1,194,194 due to a change in accounting principle from generally accepted accounting principles (GAAP) basis to modified cash basis of accounting. Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Monte Newlin
Currently: Honorable Monte Newlin

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **INADEQUATE CONTROLS OVER FINANCIAL STATEMENT PREPARATION**

**The Regional Office of Education #12 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #12 (ROE) did not have sufficient internal controls over the financial reporting process. Beginning fund balance and net position were not adjusted for the effect of the change in accounting principle for prior year fund level accrual balances. Instead, beginning net position balances of the governmental activities, business-type activities, and enterprise funds were only restated for the prior year effect of pension and other post-employment benefit asset, deferred outflows of resources, liability, and deferred inflows of resources balances.

Effective June 25, 2021, Public Act 102-0025 allowed a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE chose to switch from the GAAP basis of accounting to the modified cash basis of accounting for fiscal year 2021 financial reporting. Changes in accounting principle should be recognized by adjusting the beginning net position and fund balance in the period of the change for the cumulative effect of changing to a new principle.

Regional Office management indicated the error was a result of the change in accounting basis and is not a recurring issue. The effect of the elimination of accrual balances from beginning fund level equity was not calculated and restated. (Finding 2021-001, page 9)

The auditors recommended the ROE should research the full effect of any decisions made to change accounting principles. Such research should include the determination as to whether or not beginning net position and fund balance will need to be restated.

**ROE Response:** *The ROE is working with their accounting firm to ensure the firm has internal controls over their processes to ensure accounting principles and standards are correctly implemented when preparing the ROE's financial statements.*

### AUDITORS' OPINION

Our auditors state the Regional Office of Education #12's financial statements as of June 30, 2021 are fairly presented in all material respects.

This financial audit was conducted by the firm of GW & Associates PC.

**SIGNED ORIGINAL ON FILE**

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JOE BUTCHER  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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