



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #17
DEWITT, LIVINGSTON, LOGAN AND MCLEAN COUNTIES

FINANCIAL AUDIT (In accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2020

Release Date: April 14, 2021

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since 2018
Category 1:	0	0	0	19-1
Category 2:	1	0	1	
Category 3:	0	1	1	
TOTAL	1	1	2	
FINDINGS LAST AUDIT: 3				

SYNOPSIS

- (20-1) The Regional Office of Education #17 did not provide financial statements in an auditable form by the August 31 deadline.
- (20-2) The Regional Office of Education #17 lacked adequate controls over the bank reconciliation 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 #17
DEWITT, LIVINGSTON, LOGAN AND MCLEAN COUNTIES

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2020

	FY 2020	FY 2019
TOTAL REVENUES	\$6,746,532	\$5,521,086
Local Sources	\$1,432,947	\$1,138,874
% of Total Revenues	21.24%	20.63%
State Sources	\$4,404,420	\$3,824,848
% of Total Revenues	65.28%	69.28%
Federal Sources	\$909,165	\$557,364
% of Total Revenues	13.48%	10.10%
TOTAL EXPENDITURES	\$6,225,631	\$6,030,297
Salaries and Benefits	\$4,464,586	\$4,422,099
% of Total Expenditures	71.71%	73.33%
Purchased Services	\$1,299,077	\$1,098,599
% of Total Expenditures	20.87%	18.22%
All Other Expenditures	\$461,968	\$509,599
% of Total Expenditures	7.42%	8.45%
TOTAL NET POSITION	\$(39,535) ¹	\$(1,089,021)
INVESTMENT IN CAPITAL ASSETS	\$447,713 ²	\$408,393
¹ The FY20 beginning net position was restated by \$528,585 due to a prior period adjustment for capital asset omissions and the correction of an error.		
² Capital asset amounts include debt associated with a capital lease		
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Mark Jontry Currently: Honorable Mark Jontry

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #17 did not provide financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #17 (ROE) did not provide completed financial statements in an auditable form by the August 31st due date. The financial statements were provided on October 7, 2020.

The Regional Office is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds, and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS).

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

The ROE indicated additional time was needed by the contracted accountant to reconcile fixed assets back to FY19 and clean up and reclassify some lingering items from FY19. (Finding 20-001, pages 14 – 15)

The auditors recommended the ROE should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *The ROE implemented procedures during the FY20 fiscal year to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). However, unforeseen issues with reconciling fixed assets back to FY19 and reclassifying some lingering items from FY19 prevented the Regional Office from achieving that goal. Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP and presented to the Auditor General's independent auditors for audit by the August 31 deadline.*

INADEQUATE CONTROLS OVER BANK RECONCILIATION PROCESS

The Regional Office of Education #17 lacked adequate controls over the bank reconciliation process.

The Regional Office of Education #17 (ROE) lacked adequate controls over the bank reconciliation process. The ROE maintains six bank accounts. During the audit, auditors noted for all bank accounts that monthly reconciliations were not performed timely for 6 out of 12 months. There were 24 of 72 monthly bank reconciliations (33%) performed 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 the bookkeeper left and a Business Manager was hired in July 2019. Additionally, due to competing priorities of completing outstanding fiscal duties, the monthly bank reconciliations from July to December 2019 were caught up between January to February 2020. (Finding 20-002, pages 16 – 17)

The auditors recommended the Regional Office 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.

ROE Response: *The Regional Office implemented procedures during the second half of FY20 to ensure that all bank reconciliations were completed on a timely basis. All reconciliations were completed within 30 days of month end January 2020 through June 2020. The Regional Office is in the process of cross-training an additional employee to reconcile the bank accounts and expects to have this completed by end of FY21.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #17'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

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