



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, 2022

Release Date: June 14, 2023

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2021	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 1	<u>Repeat</u> 1	<u>Total</u> 2				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(22-1)** The Regional Office of Education #17 did not have sufficient internal controls over the financial reporting process.
- **(22-2)** The Regional Office of Education #17 did not have sufficient internal controls over the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

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, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$8,442,592	\$8,776,604
Local Sources	\$3,583,477	\$2,719,135
% of Total Revenues	42.45%	30.98%
State Sources	\$3,183,277	\$4,611,485
% of Total Revenues	37.70%	52.54%
Federal Sources	\$1,675,838	\$1,445,984
% of Total Revenues	19.85%	16.48%
TOTAL EXPENDITURES	\$7,317,163	\$8,497,317
Salaries and Benefits	\$2,874,132	\$4,374,698
% of Total Expenditures	39.28%	51.48%
Purchased Services	\$2,831,099	\$2,703,163
% of Total Expenditures	38.69%	31.81%
All Other Expenditures	\$1,611,932	\$1,419,456
% of Total Expenditures	22.03%	16.70%
TOTAL NET POSITION	\$4,956,805 ¹	\$486,718
INVESTMENT IN CAPITAL ASSETS	\$878,744	\$839,286
¹ The FY 2022 beginning net position was restated by \$3,344,658 due to converting the financial statements to the modified cash basis of accounting.		
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 have sufficient internal controls over the financial reporting process.

The Regional Office of Education #17 (ROE) did not have sufficient internal controls over the financial reporting process. During review of the ROE's financial information, it was noted the ROE did not have sufficient internal controls over the financial reporting process to ensure financial statement transactions were accurately reported. Auditors noted that additions from State sources from the Illinois Comptroller and the deductions for flow-through payments to school districts were overstated by \$506,565.

The ROE subsequently revised its financial statements to correct those errors.

The School Code (105 ILCS 5/2-3.17a) allows 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 financial statements for audit. The ROE has chosen to utilize the modified cash basis of accounting for financial reporting.

The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with its selected basis of accounting. The ROE's internal controls over financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Regional Office management indicated this was an oversight. (Finding 22-001, pages 15 – 16)

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

ROE Response: *The ROE will work with their contracted accounting firm to receive the draft financial statements earlier in order to allow additional review time before they are due for audit.*

CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Regional Office of Education #17 did not have sufficient internal controls over the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

During review of the Regional Office of Education #17's (ROE) Schedule of Expenditures of Federal Awards (SEFA), it was noted the ROE did not have sufficient internal controls over the preparation of the SEFA to ensure all federal expenditures during the fiscal year were reported in the SEFA and information in the SEFA was accurately reported.

The ROE is required to maintain a system of controls over the preparation of the SEFA. The ROE's internal controls over SEFA preparation should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review the SEFA to ensure that it is free of material misstatements and includes all disclosures as required by federal guidelines.

Auditors noted the following in the originally submitted SEFA they reviewed:

- Federal awards received related to Assistance Listing Number 97.036, Disaster Grants – Public Assistance (Presidentially Declared Disasters) amounting to \$36,183 was not reported as federal revenues in the financial statements and was not reported in the SEFA, including the required disclosures for this federal program.
- Assistance listing Number 84.411, Education Innovation and Research, was not accurately reported for the direct award amount and the pass-through entity name and amount received as a subrecipient.
- The ROE converted from accrual basis to modified cash basis in Fiscal Year 2022, but the notes to SEFA did not include a disclosure of the change in reporting basis as well as the programs affected by the change and the related amounts reported in the current year SEFA versus the amounts reported in the financial statements.

The ROE subsequently revised its SEFA to correct these errors.

The Regional Office management indicated this was an oversight. (Finding 22-002, pages 17 – 18)

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

applicable federal guidelines and knowledge of the ROE's grant programs and activities.

ROE Response: *The ROE will work with their contracted accounting firm to receive the draft financial statements earlier in order to allow additional review time before they are due for audit.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #17's financial statements as of June 30, 2022 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:BAO