



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #24
GRUNDY AND KENDALL COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2022

Release Date: February 14, 2024

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 0	<u>Repeat</u> 0	<u>Total</u> 0	2018			22-1
Category 2:	0	0	0	2021			22-2
Category 3:	0	2	2				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 5							

SYNOPSIS

- (22-1) The Regional Office of Education #24 did not provide completed financial statements in an auditable form by the August 31 deadline.
- (22-2) The Regional Office of Education #24 had inadequate controls over grant compliance.

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 #24
GRUNDY AND KENDALL COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$3,176,825	\$2,905,318
Local Sources	\$427,176	\$363,120
% of Total Revenues	13.45%	12.50%
State Sources	\$2,293,441	\$2,316,527
% of Total Revenues	72.19%	79.73%
Federal Sources	\$456,208	\$225,671
% of Total Revenues	14.36%	7.77%
TOTAL EXPENDITURES	\$3,029,700	\$2,945,997
Salaries and Benefits	\$1,858,466	\$1,872,434
% of Total Expenditures	61.34%	63.56%
Purchased Services	\$627,174	\$436,058
% of Total Expenditures	20.70%	14.80%
All Other Expenditures	\$544,060	\$637,505
% of Total Expenditures	17.96%	21.64%
TOTAL NET POSITION	\$1,400,715	\$858,070
INVESTMENT IN CAPITAL ASSETS	\$0	\$122,316
¹ The FY 2022 beginning net position was restated by \$395,522 due to converting the financial statements to the cash basis of accounting. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Christopher Mehochko Currently: Honorable Christopher Mehochko

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #24 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #24 (ROE) did not provide completed financial statements in an auditable form by the August 31, 2022 deadline. The preliminary draft was provided to the auditors on August 28, 2023.

The ROE 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). The Regional Office of Education or Educational Service Center may 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 has chosen to use the cash basis of accounting for financial reporting.

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.

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

Regional Office officials indicated prior staff that handled the financials was unable to finalize records in a timely manner. (Finding 22-001, pages 10 – 11) **This finding was first reported in 2018.**

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). These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *The new ROE financial team have made the necessary financial corrections. The team has reconciled financials and is now currently on pace to meet future deadlines.*

CONTROLS OVER GRANT COMPLIANCE

The Regional Office of Education #24 had inadequate controls over grant compliance.

The Regional Office of Education #24 (ROE) had inadequate controls over grant compliance. Auditors noted that expenditure reports for two grants, Digital Equity and Elementary and Secondary School Emergency Relief (ESSER) II, reported budgeted expenditures rather than actual expenditures per the accounting records. Expenditures were overreported by \$9,113 and \$3,983, respectively. In addition, for the Digital Equity grant, differences among line items between actual expenditures and budgeted amounts exceeded the thresholds permitted by the Illinois State Board of Education (ISBE), so the budget should have been amended but was not.

As a recipient of federal, State, and local funds from various grantor agencies, the ROE must incorporate certain procedures into its operations in order to comply with the grant agreements with these entities.

The ROE is responsible for establishing and maintaining an internal control system over the completion of expenditure reports required for grants administered by ISBE.

Regional Office officials indicated the new financial team discovered expenditures were classified incorrectly. (Finding 22-003, page 12)

The auditors recommended the ROE should implement adequate internal controls to ensure that year-end expenditure reports match the trial balance. The REOE should ensure that budgeted and actual expenditures are compared periodically and at the end of the grant period, and should amend grant budgets as needed when required by the grantor.

ROE Response: *The newly established ROE financial team reviews the expenditures on a monthly basis to ensure financial reports match trial balance figures.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #24's financial statements as of June 30, 2022 are fairly presented in all material respects.

This financial audit was conducted by the firm of West & Company, 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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