



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #30
ALEXANDER, JACKSON, PERRY, PULASKI, AND UNION COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2020

Release Date: September 7, 2022

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2018			
Category 1:	1	1	2		20-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- (20-1) The Regional Office of Education #30 did not properly recognize and disclose postemployment benefits other than pensions as required by Governmental Accounting Standards Board Statement No. 75.
- (20-2) The Regional Office of Education #30's salaries and benefits were not supported by proper time and effort documentation.

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 #30
ALEXANDER, JACKSON, PERRY, PULASKI, AND UNION COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2020

	FY 2020	FY 2019
TOTAL REVENUES	\$1,986,452	\$1,933,925
Local Sources	\$397,837	\$453,381
% of Total Revenues	20.03%	23.44%
State Sources	\$1,272,350	\$1,110,002
% of Total Revenues	64.05%	57.40%
Federal Sources	\$316,265	\$370,542
% of Total Revenues	15.92%	19.16%
TOTAL EXPENDITURES	\$1,877,760	\$1,784,929
Salaries and Benefits	\$1,510,470	\$1,195,448
% of Total Expenditures	80.44%	66.97%
Purchased Services	\$195,004	\$227,350
% of Total Expenditures	10.38%	12.74%
All Other Expenditures	\$172,286	\$362,131
% of Total Expenditures	9.18%	20.29%
TOTAL NET POSITION	\$(132,224)	\$(240,916)
INVESTMENT IN CAPITAL ASSETS	\$56,252	\$64,754
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Cheryl Graff Currently: Honorable Cheryl Graff

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**DEPARTURE FROM U.S. GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

The Regional Office of Education #30 did not properly recognize and disclose postemployment benefits other than pensions as required by Governmental Accounting Standards Board Statement No. 75.

The Regional Office of Education #30 (ROE) did not properly recognize and disclose postemployment benefits other than pensions (OPEB) as required by Governmental Accounting Standards Board (GASB) Statement No. 75 in its financial statements or notes.

The ROE participates in a defined benefit plan, the Jackson County Health Insurance Plan, which provides OPEB to its employees in exchange for employee services rendered. This plan is administered by the Jackson County government which obtains the actuarial valuation of the OPEB. The ROE is included in this actuarial valuation; however, the ROE has not been segregated from the rest of the Jackson County government in the actuarial valuation. As such, the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and/or expenditures of the Jackson County Health Insurance plan related to the ROE, as required by GASB Statement No. 75, could not be determined.

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1)) requires that each Regional Office of Education maintain the accounting records on the cash or accrual basis of accounting. Additionally, 105 ILCS 5/2-3.17a allows that a 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.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), requires that employers recognize and disclose OPEB expense. Net OPEB obligations, if any, should be reported as liabilities (or assets if overfunded) in the financial statements. For financial reporting purposes, an actuarial valuation, prepared in accordance with GASB Statement No. 75, is required to measure and disclose the annual OPEB cost. In certain circumstances, an alternative measurement method can be applied instead of obtaining an actuarial valuation.

Regional Office management indicated their actuarial valuation information was not segregated from the rest of the Jackson County government in the actuarial plan that was obtained for the Jackson County Health Insurance Plan as of November 30, 2019. (Finding 2020-001, pages 11a – 11b)
This finding was first reported in 2018.

The auditors recommended the ROE should convey the requirements of GASB Statement No. 75 to the Jackson

County government and work to obtain the information needed to comply. Additionally, Regional Office management should determine if changing to the cash basis or modified cash basis would be allowable or beneficial to the ROE and users of its financial statements.

ROE Response: *The Regional Office agrees with the finding and corrective actions are being implemented.*

SALARIES AND BENEFITS NOT SUPPORTED BY PROPER TIME AND EFFORT DOCUMENTATION

The Regional Office of Education #30's salaries and benefits were not supported by proper time and effort documentation.

The Regional Office of Education #30 (ROE) did not have formal written policies related to proper time and effort documentation. As such, proper time and effort documentation was not always maintained or complete.

The Illinois State Board of Education (ISBE) *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* requires that auditable "time and effort" documentation should be written, after the fact (not estimated or budgeted) documentation of how the time was spent. Time and effort reports totaling 100 percent among all projects should be prepared by any staff with salary charged (1) directly to a federal award, (2) directly to multiple federal or State awards, or (3) directly to any combination of a federal award or other federal, State, or local funds. Additionally, all time and effort sheets and other supporting documentation must be retained at the local level and be available for review or audit any time within three years after termination of the project or until the local entity is notified in writing from ISBE that the records are no longer needed for audit or review.

Regional Office management indicated this was an oversight. (Finding 20-002, page 11c)

The auditors recommended the ROE should implement written policies and procedures over time and effort reporting to ensure proper documentation is being obtained and/or maintained in all instances to properly distribute salary and benefit costs for employees who work in whole or in part on grant program activity in accordance with the ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures*. This would include having the documentation reviewed and formally approved by a supervisor.

ROE Response: *The Regional Office agrees with the finding and corrective actions are being implemented.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #30's financial statements as of June 30, 2020 are fairly stated in all material respects, except for the effects of not recognizing or disclosing postemployment benefits other than pensions for the Jackson County Health Insurance Plan in the Statement of Net Position and Statement of Activities.

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

FJM:JMM