



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, 2021

Release Date: August 16, 2023

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2020	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: 2							

SYNOPSIS

- **(21-1)** The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process.
- **(21-2)** 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, 2021

	FY 2021	FY 2020
TOTAL REVENUES	\$1,487,358	\$1,986,452
Local Sources	\$204,377	\$397,837
% of Total Revenues	13.74%	20.03%
State Sources	\$966,376	\$1,272,350
% of Total Revenues	64.97%	64.05%
Federal Sources	\$316,605	\$316,265
% of Total Revenues	21.29%	15.92%
TOTAL EXPENDITURES	\$1,145,528	\$1,877,760
Salaries and Benefits	\$762,597	\$1,510,470
% of Total Expenditures	66.57%	80.44%
Purchased Services	\$259,832	\$195,004
% of Total Expenditures	22.68%	10.38%
All Other Expenditures	\$123,099	\$172,286
% of Total Expenditures	10.75%	9.18%
TOTAL NET POSITION	\$1,289,726 ¹	\$(132,224)
INVESTMENT IN CAPITAL ASSETS	\$71,991	\$56,252
¹ The FY 2021 beginning net position was restated by \$1,080,120 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.		

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

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #30 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE did not adequately detect all of the adjustments necessary in order to properly convert its generally accepted accounting principles (GAAP) basis financial statements to modified cash basis financial statements. The beginning net position and fund balance were not properly adjusted to account for the cumulative effect of changing to the new accounting principle.

Illinois 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 GAAP basis of accounting to prepare financial statements for audit. The ROE has chosen to utilize the modified cash basis of accounting for financial statement reporting. The ROE is required to maintain a system of internal 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, skills and experience to prepare financial statements and include all related disclosures as required by the Governmental Accounting Standards Board (GASB).

Regional Office management indicated the errors were a result of the change in accounting basis and is not a recurring issue. (Finding 21-001, page 11a)

The auditors recommended that as part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation and/or review procedures 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 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 21-002, page 11b)

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, 2021 are fairly stated in all material respects.

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

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