



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #31
KANE COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2021

Release Date: March 30, 2022

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2020			
Category 1:	0	1	1		21-1		
Category 2:	0	0	0				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(21-1)** The Regional Office of Education #31 did not have sufficient internal controls over the financial reporting 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 #31
KANE COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2021

	FY 2021	FY 2020
TOTAL REVENUES	\$10,063,681	\$9,427,214
Local Sources	\$1,399,947	\$1,404,095
% of Total Revenues	13.91%	14.89%
State Sources	\$8,244,534	\$7,856,718
% of Total Revenues	81.92%	83.34%
Federal Sources	\$419,200	\$166,401
% of Total Revenues	4.17%	1.77%
TOTAL EXPENDITURES	\$8,523,259	\$8,528,805
Salaries and Benefits	\$2,099,513	\$2,340,681
% of Total Expenditures	24.63%	27.44%
Purchased Services	\$1,115,255	\$1,109,770
% of Total Expenditures	13.08%	13.01%
All Other Expenditures	\$5,308,491	\$5,078,354
% of Total Expenditures	62.28%	59.54%
TOTAL NET POSITION	\$12,637,920 ¹	\$11,094,286
INVESTMENT IN CAPITAL ASSETS	\$118,844	\$75,364
¹ The FY 2021 beginning net position was restated by \$3,212 due to a prior period restatement for implementation of GASB 84.		
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Patricia Dal Santo Currently: Honorable Patricia Dal Santo

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #31 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #31 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE maintained its accounting records on the modified accrual basis of accounting during the fiscal year and posted year-end accrual entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of generally accepted accounting principles (GAAP) based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Effective June 25, 2021, Public Act 102-0025 allowed that a Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or GAAP basis of accounting to prepare the financial statements for audit. The ROE has chosen to utilize the GAAP basis of accounting for financial statement reporting. The ROE is required to maintain a system of controls over the preparation of financial statements. The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

During review of the ROE's financial information prepared by the ROE, auditors noted the ROE's financial information required an adjustment in pension and other postemployment benefits (OPEB) balances in order to present its financial statements in accordance with GAAP. Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's pension and OPEB balances in accordance with GAAP. Proposed adjusting entries were approved and accepted by Regional Office management.

Regional Office officials indicated the ROE began reporting and remitting pension and OPEB payments for another entity, thus causing the pension and OPEB balances of the other entity to be included with the ROE balances. It was determined that the ROE did not have a legal requirement to collect and remit payments; therefore, the liability and related

account balances should not be reported by the ROE. (Finding 21-001, pages 10 – 11)

The auditors recommended as part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. Additionally, ROE management should consider Public Act 102-0025 to determine if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE statements.

ROE Response: *The ROE accepted proposed changes by the auditors after said auditors consulted with GASB to determine the most accurate representation of the ROE's unique situation.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #31's financial statements as of June 30, 2021 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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