



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 (In Accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2022

Release Date: June 28, 2023

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS					
				Repeated Since	Category 1	Category 2	Category 3	No Repeat Findings	
	<u>New</u>	<u>Repeat</u>	<u>Total</u>						
Category 1:	0	0	0						
Category 2:	1	0	1						
Category 3:	0	0	0						
TOTAL	1	0	1						
FINDINGS LAST AUDIT: 1									

SYNOPSIS

- (22-1) The Regional Office of Education #31 had inadequate controls over grant related payroll disbursements.

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
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$10,453,114	\$10,063,681
Local Sources	\$949,556	\$1,399,947
% of Total Revenues	9.08%	13.91%
State Sources	\$8,823,550	\$8,244,534
% of Total Revenues	84.41%	81.92%
Federal Sources	\$680,008	\$419,200
% of Total Revenues	6.51%	4.17%
TOTAL EXPENDITURES	\$9,109,833	\$8,523,259
Salaries and Benefits	\$1,736,158	\$2,099,513
% of Total Expenditures	19.06%	24.63%
Purchased Services	\$1,357,221	\$1,115,255
% of Total Expenditures	14.90%	13.08%
All Other Expenditures	\$6,016,454	\$5,308,491
% of Total Expenditures	66.04%	62.28%
TOTAL NET POSITION	\$14,050,858 ¹	\$12,637,920
INVESTMENT IN CAPITAL ASSETS	\$81,921	\$118,844
¹ The FY 2022 beginning net position was restated by \$69,657 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 Patricia Dal Santo
Currently: Honorable Patricia Dal Santo

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER GRANT RELATED
PAYROLL DISBURSEMENTS**

**The Regional Office of Education
#31 had inadequate controls over
grant related payroll disbursements.**

The Regional Office of Education #31 (ROE) had inadequate controls over grant related payroll disbursements. During control testing over payroll expenditures related to the Elementary and Secondary Emergency Relief (ESSER) III grant, it was noted that one of the employees charged to the grant was supposed to be paid by Kane County, on behalf of the Regional Office of Education, beginning with pay periods subsequent to November 30. Instead, a total of five pay periods continued to be charged to ESSER III after November 30 instead of the County. Each of these pay periods were requested for reimbursement with ESSER III funding. Regional Office of Education management did start properly recording the employee as a County expenditure beginning with the first payroll run in March 2022.

A critical part of the control structure surrounding the identification of grant expenditures eligible for reimbursement is the proper recording of such transactions in the general ledger. Adequate controls should be in place to ensure payroll changes are reflected in the Regional Office's records.

Regional Office management indicated controls were inadequate to ensure changes in funding sources for an employee are accurately and timely recorded in the general ledger. (Finding 22-001, pages 14 – 15)

The auditors recommended the ROE develop procedures to ensure timely communication of changes in funding source for a routine activity such as payroll. Such a review would ensure financial reporting accuracy and avoid potential noncompliance with grant funding.

ROE Response: *When posting payroll in the Regional Office accounting system, net pay amounts for Kane County payroll and Regional Office payroll will be verified and any discrepancies will be discovered and corrected at that time. In addition, grant expenditure reports will be reviewed by the grant writer and finance director on a quarterly basis to ensure payroll costs posted to the grant are accurate.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #31's financial statements as of June 30, 2022 are fairly presented in all material respects.

This financial audit was conducted by the firm of GW & Associates PC.

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