



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #32**  
**IROQUOIS AND KANKAKEE COUNTIES**

**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 2019	Category 1	Category 2	Category 3
<b>Category 1:</b>	<u>New</u> 0	<u>Repeat</u> 1	<u>Total</u> 1				
<b>Category 2:</b>	0	0	0				
<b>Category 3:</b>	0	0	0				
<b>TOTAL</b>	0	1	1				
FINDINGS LAST AUDIT: 3							

**SYNOPSIS**

- **(21-1)** The Regional Office of Education #32 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 #32**  
**IROQUOIS AND KANKAKEE COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2021**

	<b>FY 2021</b>	<b>FY 2020</b>
<b>TOTAL REVENUES</b>	\$3,806,259	\$3,660,398
Local Sources	\$873,774	\$846,934
% of Total Revenues	22.96%	23.14%
State Sources	\$2,142,661	\$2,207,367
% of Total Revenues	56.29%	60.30%
Federal Sources	\$789,824	\$606,097
% of Total Revenues	20.75%	16.56%
<b>TOTAL EXPENDITURES</b>	\$3,195,313	\$3,197,279
Salaries and Benefits	\$2,507,891	\$2,567,538
% of Total Expenditures	78.49%	80.30%
Purchased Services	\$366,391	\$359,781
% of Total Expenditures	11.47%	11.25%
All Other Expenditures	\$321,031	\$269,960
% of Total Expenditures	10.05%	8.44%
<b>TOTAL NET POSITION</b>	\$5,300,573	\$4,689,627
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$24,098	\$34,032
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Dr. Gregg Murphy Currently: Dr. Gregg Murphy

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #32 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #32 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE maintained its accounting records on the cash basis of accounting during the fiscal year and posted year-end accrual and other applicable 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 the 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 errors and omissions in a timely manner.

Effective June 25, 2021, Public Act 102-0025 allowed a Regional Office of Education or Educational Service Center to 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 the GAAP based 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 material adjusting entries in order to present its financial statements in accordance with GAAP.

Regional Office management indicated there were two entries required related to this finding. Current procedures allowed one deposit for Life Education Services to be entered in an account for Truancy Services. Insufficient checks and balances in procedures allowed this entry to not be detected until the audit process. In a second situation, there was a required reclassification of federal and State revenue for the Substance Use Prevention Services Grant. The misposting was an inadvertent error. (Finding 21-001, pages 10a – 10b)

The auditors recommended that the ROE should implement comprehensive preparation and/or review procedures as a part of its internal control over the preparation of financial statements 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 applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations. 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 financial statements.

**ROE Response:** *As a means to assess the accuracy of account coding, tools have been created to allow finance staff to compare anticipated revenues and unearned revenues to actual deposits recorded in the financial management system. The tools will be implemented during FY22 and used to assess accuracy of revenues deposits by June 30, 2022. The ROE staff will set up a new revenue account to break down the State and Federal funds from Illinois Department of Human Services according to the latest contract update.*

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #32'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**

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JOE BUTCHER  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JRB