



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2019

Release Date: May 27, 2020

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>				
Category 1:	0	0	0	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	<u>1</u>	<u>0</u>	<u>1</u>				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 4							

SYNOPSIS

- (19-1) The Regional Office of Education #40 had inadequate internal controls over compliance requirements.

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.

{Revenues and expenditures are summarized on the reverse page.}

REGIONAL OFFICE OF EDUCATION #40
CALHOUN, GREENE, JERSEY AND MACOUPIN COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2019

	FY 2019	FY 2018
TOTAL REVENUES	\$1,555,483	\$1,533,565
Local Sources	\$283,398	\$271,523
% of Total Revenues	18.22%	17.71%
State Sources	\$1,178,552	\$1,167,750
% of Total Revenues	75.77%	76.15%
Federal Sources	\$93,533	\$94,292
% of Total Revenues	6.01%	6.15%
TOTAL EXPENDITURES	\$1,644,301	\$1,446,620
Salaries and Benefits	\$1,316,504	\$1,178,763
% of Total Expenditures	80.06%	81.48%
Purchased Services	\$284,168	\$216,810
% of Total Expenditures	17.28%	14.99%
All Other Expenditures	\$43,629	\$51,047
% of Total Expenditures	2.65%	3.53%
TOTAL NET POSITION	\$46,848	\$135,666
INVESTMENT IN CAPITAL ASSETS	\$17,879	\$23,692
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Michelle Mueller Currently: Honorable Michelle Mueller

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS

The Regional Office of Education #40 had inadequate internal controls over compliance requirements.

The Regional Office of Education #40 (ROE) did not use time and effort documentation to distribute salary and benefit costs for employees paid from multiple funding sources. The ROE did not require salaried individuals to submit time and effort documentation; therefore, it was unable to determine the reasonableness of the allocation of salaries and benefits among federal and State programs.

The ROE did not update its procurement policy to be in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and did not implement a fraud policy.

For fiscal year 2019, the Grant Accountability and Transparency Act (GATA) (*30 ILCS 708/1*) became effective for all federal and State award programs administered by the ROE. The GATA establishes that State grant programs are subject to the requirements set forth in the Uniform Guidance. The Uniform Guidance (2 CFR 200.430) requires charges for salaries and benefits to be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, and properly allocated. It also requires records be used to support the distribution of employee salaries and benefits among specific activities if the employee works on multiple programs. It further states that budget estimates alone do not qualify as support for salary and benefit expenditures charged to federal and State grants.

The GATA also requires the ROE to implement a procurement policy that is in accordance with the Uniform Guidance (2 CFR 200.317 through 200.326). In addition, the Illinois State Board of Education's State and Federal Administration Policy, Fiscal Requirements, and Procedures requires the ROE to implement a fraud policy.

ROE management indicated they failed to properly train staff to ensure proper time and effort completion. They also failed to update policies to reflect current GATA requirements pertaining to procurement and fraud. (Finding 19-001, pages 10A – 10B)

The auditors recommended the ROE use time and effort documentation to distribute salary and benefit costs for all employees. They also recommended the ROE update the procurement policy to comply with the requirements of the Uniform Guidance and implement a formal fraud policy.

ROE Response: *All staff will complete time and effort documentation so payroll expense can be properly allocated. A procurement and fraud policy has been added to the ROE's policy and procedure manual.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #40's financial statements as of June 30, 2019 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

FJM:JRB