



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #48
PEORIA COUNTY

FINANCIAL AUDIT (In accordance with the Uniform Guidance) **Release Date: April 12, 2017**
For the Year Ended: June 30, 2016

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

SYNOPSIS

- **(16-1)** The Regional Office of Education #48 did not use time and effort documentation to distribute employees' salary and benefit costs.
- **(16-2)** The Regional Office of Education #48 did not have any written procedures concerning the determination of allowability of costs.

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 #48
PEORIA COUNTY

FINANCIAL AUDIT
(In accordance with the Uniform Guidance)
For The Year Ended June 30, 2016

	FY 2016	FY 2015
TOTAL REVENUES	\$6,307,452	\$5,414,919
Local Sources	\$3,068,195	\$2,802,145
% of Total Revenues	48.64%	51.75%
State Sources	\$2,279,545	\$2,253,041
% of Total Revenues	36.14%	41.61%
Federal Sources	\$959,712	\$359,733
% of Total Revenues	15.22%	6.64%
TOTAL EXPENDITURES	\$5,973,959	\$5,076,146
Salaries and Benefits	\$3,967,902	\$3,579,582
% of Total Expenditures	66.42%	70.52%
Purchased Services	\$1,253,464	\$1,004,845
% of Total Expenditures	20.98%	19.80%
All Other Expenditures	\$752,593	\$491,719
% of Total Expenditures	12.60%	9.69%
TOTAL NET POSITION	\$1,787,110	\$1,453,617
INVESTMENT IN CAPITAL ASSETS	\$59,524 ¹	\$78,812
¹ Capital asset amounts include debt associated with a capital lease. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Elizabeth Crider Derry
Currently: Honorable Elizabeth Crider Derry

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**SALARIES AND BENEFITS NOT SUPPORTED BY
PROPER DOCUMENTATION**

The Regional Office of Education No. 48 did not use time and effort documentation to distribute employees' salary and benefit costs.

Employees of the Regional Office of Education No. 48 are required to document their time and effort working on the Mathematics and Science Partnership programs when only a portion of their work is spent on these programs.

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires charges for salaries and benefits to be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. It also requires that records are used to support the distribution of employees' salary and benefits among specific activities if the employee only works part of the time on a federal award program. It further states that budget estimates alone do not qualify as support for salary and benefit charges to a federal award.

The Regional Office of Education No. 48 did not use time and effort documentation to distribute the salary and benefit costs for two administrative employees who partly worked on Mathematics and Science Partnership activities and partly on other Regional Office activities. One of the two employees completed timesheets, but the timesheets only documented the time spent on Mathematics and Science Partnership activities, and these timesheets were not used in the distribution of salary and benefit costs charged to these programs. The salary and benefits charged to the Mathematics and Science Partnership programs for both of these employees were based on an estimate of time worked on program activities.

According to the Regional Office of Education No. 48 officials, they were unaware of the time and effort log requirements for administrative personnel.

The auditors recommended the Regional Office should use time and effort documentation to distribute salary and benefit costs for employees who partly work on Mathematics and Science Partnership activities as well as

other activities in accordance with the Uniform Guidance.

The Regional Office of Education No. 48 has begun using time and effort sheets to document time worked on all federal grants, including the Mathematics and Science Partnership grant.

REQUIRED WRITTEN PROCEDURES NOT IMPLEMENTED

The Regional Office of Education No. 48 did not have any written procedures concerning the determination of allowability of costs.

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Regional Office of Education No. 48 that were issued on or after December 26, 2014. Specifically, the Uniform Guidance (2 CFR 200.302(b)(7)) requires the Regional Office to have written procedures for determining the allowability of costs in accordance with Subpart E-Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

The Regional Office of Education No. 48 did not have any written procedures concerning the determination of allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award. In lieu of written procedures, the Regional Office utilized informal procedures in which each purchase made or cost allocated to the Mathematics and Science Partnerships was reviewed for allowability by the Program Coordinator. The allowability determinations were based on the amounts included in the budgets for the Mathematics and Science Partnerships approved by the Illinois State Board of Education.

The Regional Office of Education No. 48 was unable to dedicate the time needed to fully implement the Uniform Guidance due to competing priorities.

The auditors recommended the Regional Office of Education No. 48 implement written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

The Regional Office of Education No. 48 responded it is developing a written procedure to determine the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance.

AUDITORS' OPINION

Our auditors state the Regional Office of Education No. 48's financial statements as of June 30, 2016 are fairly stated in all material respects.

This financial report was conducted by the firm of Doehring, Winders & Co. LLP.

SIGNED ORIGINAL ON FILE

AMEEN DADA
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:KJM

