



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #51
MENARD AND SANGAMON COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2018

Release Date: December 16, 2020

| FINDINGS THIS AUDIT: 2 | | | | AGING SCHEDULE OF REPEATED FINDINGS | | | |
|-------------------------------|------------|---------------|--------------|-------------------------------------|------------|------------|------------|
| | | | | Repeated Since | Category 1 | Category 2 | Category 3 |
| | <u>New</u> | <u>Repeat</u> | <u>Total</u> | 2016 | | | 18-1 |
| Category 1: | 0 | 0 | 0 | | | | |
| Category 2: | 1 | 0 | 1 | | | | |
| Category 3: | 0 | 1 | 1 | | | | |
| TOTAL | 1 | 1 | 2 | | | | |
| FINDINGS LAST AUDIT: 3 | | | | | | | |

SYNOPSIS

- (18-1) The Regional Office of Education #51 did not provide financial statements in an auditable form by the August 31 deadline.
- (18-2) The Regional Office of Education #51 did not have adequate internal controls over cash and general journal entries.

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 #51
MENARD AND SANGAMON COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2018

| | FY 2018 | FY 2017 |
|--|----------------------------|----------------|
| TOTAL REVENUES | \$6,413,132 | \$6,296,104 |
| Local Sources | \$982,424 | \$785,137 |
| % of Total Revenues | 15.32% | 12.47% |
| State Sources | \$4,955,846 | \$4,441,023 |
| % of Total Revenues | 77.28% | 70.54% |
| Federal Sources | \$474,862 | \$1,069,944 |
| % of Total Revenues | 7.40% | 16.99% |
| TOTAL EXPENDITURES | \$8,076,522 | \$8,239,594 |
| Salaries and Benefits | \$7,012,557 | \$7,053,368 |
| % of Total Expenditures | 86.83% | 85.60% |
| Purchased Services | \$619,403 | \$775,867 |
| % of Total Expenditures | 7.67% | 9.42% |
| All Other Expenditures | \$444,562 | \$410,359 |
| % of Total Expenditures | 5.50% | 4.98% |
| TOTAL NET POSITION | \$(5,673,709) ¹ | \$(2,102,740) |
| INVESTMENT IN CAPITAL ASSETS | \$4,184 | \$8,485 |
| ¹ The FY 2018 beginning net position was restated by (\$1,907,579) due to a prior period adjustment for new reporting requirements for other postemployment benefits. Percentages may not add due to rounding. | | |

| REGIONAL SUPERINTENDENT |
|--|
| During Audit Period: Honorable Jeff Vose Currently: Honorable Jeff Vose |

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

DELAY OF AUDIT

The Regional Office of Education #51 did not provide financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #51 (ROE) did not have its Fiscal Year 2018 financial records in auditable form and did not make its financial report available to the auditors until March 2020.

The ROE is subject to 105 ILCS 5/2-3.17a which requires the Auditor General's office to cause an audit to be made, as of June 30th of each year, of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State and of each educational service center established in the School Code. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards.

In accordance with 105 ILCS 5/2-3.17a, the Auditor General has promulgated administrative rules and regulations to govern this process. Those rules, 74 Ill. Adm. Code 420.320 (c) (2), state that for audit purposes, each regional office of education and educational service center shall make available to the Auditor General or his designee all books and records deemed necessary to make and complete the required audits. The records shall be in auditable form by August 15 of the succeeding fiscal year. Financial reports are to be available no later than August 31 in order for the annual audit to be completed by an independent auditor selected by the Auditor General. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Regional Office management indicated the delays in completing financial records and reports for Fiscal Year 2018 were a result of issues from previous years which caused significant delays but have now been corrected. (Finding 18-001, pages 10a – 10b)

The auditors recommended the ROE should implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *The ROE has implemented procedures to*

achieve compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements are now prepared on an accrual basis of accounting in accordance with GAAP. Financial statements were presented to independent auditors based on a timeline provided with as little of delay as possible by the ROE.

INTERNAL CONTROLS OVER CASH AND GENERAL JOURNAL ENTRIES

The Regional Office of Education #51 did not have adequate internal controls over cash and general journal entries.

The Regional Office of Education #51 (ROE) did not maintain effective internal control over its bank reconciliations and general journal entries. During testing auditors noted none of the monthly bank reconciliations and 4 of 10 (40%) general journal entries tested were not subject to review by management.

The Regional Office is responsible for establishing and maintaining a system of internal controls over the accounting system to prevent errors and fraud.

Regional Office management indicated the lack of reviews of bank reconciliations and general journal entries were due to oversight. (Finding 18-002, page 10c)

The auditors recommended the ROE's management perform timely reviews of all bank reconciliations and general journal entries. Also, the reviewer and date of review should be documented.

ROE Response: *The ROE accepts the auditor's recommendations and will immediately implement procedures to ensure a timely review of all bank reconciliations and general journal entries, with sufficient documentation.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #51's financial statements as of June 30, 2018 are fairly stated in all material respects.

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

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