



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION # 54
VERMILION COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2022

Release Date: February 8, 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:	1	0	1						
Category 2:	0	0	0						
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>						
TOTAL	1	0	1						
FINDINGS LAST AUDIT: 3									

SYNOPSIS

- **(22-1)** The Regional Office of Education #54 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 # 54
VERMILION COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$933,091	\$871,045
Local Sources	\$129,444	\$74,834
% of Total Revenues	13.87%	8.59%
State Sources	\$457,206	\$412,996
% of Total Revenues	49.00%	47.41%
Federal Sources	\$346,441	\$383,215
% of Total Revenues	37.13%	43.99%
TOTAL EXPENDITURES	\$805,360	\$837,898
Salaries and Benefits	\$0	\$0
% of Total Expenditures	0.00%	0.00%
Purchased Services	\$55,501	\$50,147
% of Total Expenditures	6.89%	5.98%
All Other Expenditures	\$749,859	\$787,751
% of Total Expenditures	93.11%	94.02%
TOTAL NET POSITION	\$968,573	\$840,842
INVESTMENT IN CAPITAL ASSETS	\$5,212	\$8,713
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Aaron Hird Currently: Honorable Aaron Hird

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #54 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #54 (ROE) did not have sufficient internal controls over the financial reporting process. The financial statements required material audit adjustments in order to ensure the balances were accurate for the basis of accounting selected for financial statement presentation.

The School Code (105 ILCS 5/2-3.17a) allows a Regional Office of Education or Educational Service Center to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare financial statements for audit. The ROE has chosen to utilize the modified cash basis of accounting for financial statement reporting. The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with its selected basis of accounting. The ROE's internal controls over financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare financial statements and include all related disclosures as required by the Governmental Accounting Standards Board (GASB).

The financial statements submitted for audit contained the following errors and inaccuracies:

- The ROE's fiduciary fund statements included activity related to the ROE in the distributive fund, which is not a fiduciary relationship under GASB Statement No. 84. Numerous adjustments were required to report accurate balances.
- Cash and cash equivalents were understated by \$38,071 and due from other governments were overstated by \$38,071 in the governmental fund statements and the government-wide Statement of Activities due to the adjustments related to the distributive fund.
- In addition, National school lunch and breakfast receipts totaling \$54,943 were reported in the Fiduciary Fund activities and not in the governmental activities. Accordingly, federal source revenues and expenditures were understated by \$54,943.
- Revenues were not properly classified as local, State, and federal sources in the governmental funds, or as program revenues from operating grants and local sources in the governmental activities.

The ROE subsequently revised its financial statements to correct the errors noted above.

The Regional Office management indicated this was an oversight. (Finding 22-01, pages 11 – 13)

The auditors recommended that as part of internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure the financial statements and disclosures are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the basis of accounting selected for financial statements, GASB pronouncements, and knowledge of the ROE's activities and operations.

ROE Response: *The Regional Office will work with its accounting firm to ensure its financial statements and disclosures are prepared accurately in accordance with modified cash basis of accounting.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #54's financial statements as of June 30, 2022 are fairly presented in all material respects.

This financial audit was conducted by the firm of Adelfia 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:BAO