



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #3
BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY
COUNTIES

**FINANCIAL AUDIT (In Accordance with the
 Uniform Guidance)**
For the Year Ended: June 30, 2022

Release Date: February 22, 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:	0	0	0						
Category 2:	0	0	0						
Category 3:	<u>1</u>	<u>0</u>	<u>1</u>						
TOTAL	1	0	1						
FINDINGS LAST AUDIT: 0									

SYNOPSIS

- (22-1) The Regional Office of Education #3 did not provide completed financial statements in an auditable form by the August 31 deadline.

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.

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For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$4,310,001	\$4,582,366
Local Sources	\$609,929	\$578,144
% of Total Revenues	14.15%	12.62%
State Sources	\$3,024,786	\$3,356,380
% of Total Revenues	70.18%	73.25%
Federal Sources	\$675,286	\$647,842
% of Total Revenues	15.67%	14.14%
TOTAL EXPENDITURES	\$4,429,547	\$4,187,610
Salaries and Benefits	\$3,116,849	\$3,105,615
% of Total Expenditures	70.36%	74.16%
Purchased Services	\$712,621	\$499,773
% of Total Expenditures	16.09%	11.93%
All Other Expenditures	\$600,077	\$582,222
% of Total Expenditures	13.55%	13.90%
TOTAL NET POSITION	\$2,245,380 ¹	\$1,134,362
INVESTMENT IN CAPITAL ASSETS	\$0	\$96,085
¹ The FY 2022 beginning net position was restated by \$1,230,564 due to a change in accounting principle from generally accepted accounting principles (GAAP) basis to the cash basis of accounting. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Julie Wollerman
Currently: Honorable Julie Wollerman

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #3 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #3 (ROE) did not provide completed financial statements in an auditable form by the August 31 deadline. The preliminary draft, excluding the Schedule of Federal Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards, was provided to the auditors by the August 31 deadline. The ROE notified auditors at this time that the missing schedule and notes would be available the following week. The Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards were provided to the auditors on September 8, 2022.

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. The Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen to change to the cash basis of accounting for financial statement reporting.

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.

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

Regional Office management indicated the Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards were not provided to the ROE by the CPA firm hired to prepare its audit documents in a timely manner. Normally, the ROE is not subject to a single

audit. By switching to cash basis for FY22, the threshold for the single audit was met. The audit firm the ROE hired to prepare its financial statements did not discover this until August 31. (Finding 22-001, pages 13 – 14)

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). Completed annual financial statements need to be presented to the Auditor General’s independent auditors for audit by the August 31 deadline.

ROE Response: *The Regional Office of Education No. 3 understands and agrees with this finding.*

AUDITORS’ OPINION

Our auditors state the Regional Office of Education #3’s financial statements as of June 30, 2022 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