



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
For the Year Ended: June 30, 2020

Release Date: March 31, 2021

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	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	1	0	1				
TOTAL	2	0	2				
FINDINGS LAST AUDIT: 0							

SYNOPSIS

- **(20-1)** The Regional Office of Education #48 did not provide completed financial statements in an auditable form by the August 31 deadline.
- **(20-2)** The Regional Office of Education #48 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 #48
PEORIA COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2020

	FY 2020	FY 2019
TOTAL REVENUES	\$7,682,257	\$7,152,850
Local Sources	\$3,071,336	\$3,110,663
% of Total Revenues	39.98%	43.49%
State Sources	\$4,353,790	\$3,762,409
% of Total Revenues	56.67%	52.60%
Federal Sources	\$257,131	\$279,778
% of Total Revenues	3.35%	3.91%
TOTAL EXPENDITURES	\$7,744,309	\$6,771,395
Salaries and Benefits	\$6,210,387	\$5,002,477
% of Total Expenditures	80.19%	73.88%
Purchased Services	\$847,969	\$1,059,758
% of Total Expenditures	10.95%	15.65%
All Other Expenditures	\$685,953	\$709,160
% of Total Expenditures	8.86%	10.47%
TOTAL NET POSITION	\$596,974	\$659,026
INVESTMENT IN CAPITAL ASSETS	\$42,837 ¹	\$40,278
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
Currently: Honorable Elizabeth Crider

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #48 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #48 (ROE) did not provide completed financial statements in an auditable form by the August 31 deadline. Revised financial statements were not received until October 27, 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 that the initial drafts represented their first attempt to prepare complete financial statements on their own without the assistance of the auditors or an outside CPA. (Finding 20-001, pages 10 - 11)

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 and thoroughly reviewed prior to presentation to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *Due to a move to a new accounting system and the loss of a person involved in several areas of the*

financial statement preparation, the ROE was unable to submit a completed financial statement that needed no updates by the August 31 deadline date. We will secure the services of a CPA to prepare financial records in an auditable form along with complete financial statements prior to the August 31 date.

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #48 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #48 (ROE) did not have sufficient internal controls over the financial reporting process. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of generally accepted accounting principles (GAAP) based financial statements for management or employees in the normal course of performing their assigned functions to prevent and detect and correct financial statement misstatements and disclosure omissions in a timely manner.

The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with GAAP. The ROE's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Auditors noted the following deficiencies in the financial statements provided to auditors by the ROE:

- The Statement of Net Position, General Fund, Education Fund, a proprietary fund and two of the five non-major funds were out of balance.
- The statement of activities beginning net position for governmental activities did not agree to the ending net position at 6/30/19 but equaled the net position at 6/30/18.
- Internal balances between the governmental activities and business-type activities did not match on the statement of net position.

Revised financial statements provided to auditors by the ROE on October 27, 2020, contained numerous errors requiring auditors to propose material audit adjustments to the financial statements and various corrections to the note disclosures in order for the statements to be in an auditable format.

The Regional Office management indicated that a combination of difficulties in implementing a new accounting system, the loss during the year of an employee who handled grant and other financial responsibilities, and COVID 19 resulted in insufficient time to prepare and review the financial statements. (Finding 20-002, pages 12 – 13)

The auditors recommended that as part of internal control over the preparation of financial statements, including disclosures, the ROE should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements and knowledge of the ROE's activities and operations.

ROE Response: *The ROE will once again secure the services of an outside CPA, familiar with the ROE, for assisting in preparing and reviewing a compilation of their financial statements and notes in accordance with GAAP and GASB pronouncements.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #48's financial statements as of June 30, 2020 are fairly presented in all material respects.

This financial audit was conducted by the firm of GW & Associates PC.

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:RSH