



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #16**  
**DEKALB COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2018**

**Release Date: September 11, 2019**

FINDINGS THIS AUDIT: 2				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>						
<b>Category 1:</b>	<b>2</b>	<b>0</b>	<b>2</b>						
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>						
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>2</b>						
<b>FINDINGS LAST AUDIT: 0</b>									

**SYNOPSIS**

- **(18-1)** The Regional Office of Education #16 did not have sufficient internal controls over timely expenditure report submission.
- **(18-2)** The Regional Office of Education #16 did not include or provide pension information in its financial records for its employees who are enrolled in the Illinois Municipal Retirement Fund (IMRF) pension plan.

**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 #16**  
**DEKALB COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2018**

	<b>FY 2018</b>	<b>FY 2017</b>
<b>TOTAL REVENUES</b>	\$1,340,846	\$1,320,158
Local Sources	\$222,436	\$321,962
% of Total Revenues	16.59%	24.39%
State Sources	\$996,822	\$976,739
% of Total Revenues	74.34%	73.99%
Federal Sources	\$121,588	\$21,457
% of Total Revenues	9.07%	1.63%
<b>TOTAL EXPENDITURES</b>	\$1,324,603	\$1,263,356
Salaries and Benefits	\$657,909	\$628,786
% of Total Expenditures	49.67%	49.77%
Purchased Services	\$326,581	\$456,929
% of Total Expenditures	24.66%	36.17%
All Other Expenditures	\$340,113	\$177,641
% of Total Expenditures	25.68%	14.06%
<b>TOTAL NET POSITION</b>	\$390,584	\$374,341
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$0
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Amanda Christensen Currently: Honorable Amanda Christensen

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**CONTROLS OVER TIMELY EXPENDITURE REPORT  
SUBMISSION**

**The Regional Office of Education #16 did not have sufficient internal controls over timely expenditure report submission.**

The Regional Office of Education #16 (ROE) did not have sufficient internal controls over timely expenditure report submission. During the course of the audit, auditors noted 7 of the 28 (25%) quarterly expenditure reports selected for testing were not submitted timely. The quarterly expenditure reports were submitted between 2 and 42 days late. Reports were filed late for the Early Childhood Grant (10 days), Regional Safe School Grant (10 days), Alternative Education (2 days), McKinney Education for Homeless Children Grant (3 days), Title II – Teacher Quality (3 days), and Pilot Regional Safe Schools Cooperative (10 days and 42 days).

The ROE is responsible for establishing and maintaining an internal control system over the completion of timely filed quarterly expenditure reports required for grants administered by the Illinois State Board of Education (ISBE). The ISBE *State and Federal Grant Administration Policy, Fiscal Requirements and Procedures* manual requires grantees to submit quarterly expenditure reports within 20 calendar days after the end of the reporting quarter.

Regional Office officials indicated their subgrantees did not provide the required information to complete the quarterly expenditure reports timely. Additionally, some of the reports were filed late due to oversight by the ROE personnel. (Finding 18-001, page 10)

The auditors recommended the Regional Office should implement adequate internal controls to ensure that expenditure reports are filed timely in the future to comply with the grant agreements and ensure continued funding.

**ROE Response:** *A plan has been put in place to improve communication with grant subrecipients to increase likelihood of timely submission. We have also clarified that expenses reported are the expenses that the ROE has made rather than expenses that the subrecipient has made. Items will be reported as obligated expenses when the subrecipient has expended funds that the ROE has not reimbursed for yet. This discussion contributed to late submissions.*

## DEPARTURE FROM U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

**The Regional Office of Education #16 did not include or provide pension information in its financial records for its employees who are enrolled in the Illinois Municipal Retirement Fund (IMRF) pension plan.**

The Regional Office of Education #16 (ROE) did not include or provide pension information in its financial records for its employees who are enrolled in the Illinois Municipal Retirement Fund (IMRF) pension plan. These employees are included under the DeKalb County IMRF employer number and reported within the County's actuarial valuation. Auditors were not able to determine the effect to the financial statements was immaterial.

The Illinois Administrative Code (74 Ill. Adm. 420.320 (c) (1) and (2)) requires that each Regional Office of Education maintain the accounting records necessary to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, require governments to record and present net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses. These standards further prescribe the methods and assumptions that are to be used to project benefit payments, discount projected payments to their actuarial present value, and attribute that present value to periods of service.

The IMRF contribution of the ROE as a portion of the overall IMRF contribution of DeKalb County has not previously been reported. This caused an inability to ascertain an accurate pension liability. The estimated amount was not accurate to ROE's actual pension expenses. (Finding 18-002, pages 11 – 12)

The auditors recommended the ROE should use a reasonable method to estimate its portion of the pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses associated with its IMRF employees from the County's actuarial valuation or obtain its own IMRF employer number so it receives a separate actuary report.

**ROE Response:** *Corrective action plan is two stages: 1) compile the DeKalb ROE's IMRF contributions over time to establish a historical report of pension liability and 2) work with DeKalb County Government (the IMRF authorized agent for the DeKalb ROE) to provide a report that accurately represents the DeKalb ROE's portion of the overall IMRF contribution.*

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #16's financial statements as of June 30, 2018 are fairly presented in all material respects except for the effects of not recognizing or disclosing Illinois Municipal Retirement Fund pension activity in the governmental activities.

This financial audit was conducted by the firm of McGreal & Co., PC.

**SIGNED ORIGINAL ON FILE**

JEANNE MICHAUD  
Audit Manager

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

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