



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN, JOHNSON, MASSAC, AND WILLIAMSON COUNTIES**

FINANCIAL AUDIT (In accordance with the Uniform  
 Guidance)  
 For the Year Ended: June 30, 2016

Release Date: June 29, 2017

| FINDINGS THIS AUDIT: 1 | AGING SCHEDULE OF REPEATED FINDINGS |        |       |                    |
|------------------------|-------------------------------------|--------|-------|--------------------|
|                        | New                                 | Repeat | Total | Repeated Since     |
| Category 1:            | 0                                   | 0      | 0     | No Repeat Findings |
| Category 2:            | 1                                   | 0      | 1     |                    |
| Category 3:            | 0                                   | 0      | 0     |                    |
| TOTAL                  | 1                                   | 0      | 1     |                    |
| FINDINGS LAST AUDIT: 1 |                                     |        |       |                    |

**SYNOPSIS**

- (16-1) The Regional Office of Education #21 did not have adequate subrecipient monitoring documentation in accordance with 2 CFR Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**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 #21**  
**FRANKLIN, JOHNSON, MASSAC, AND WILLIAMSON COUNTIES**

**FINANCIAL AUDIT**  
**(In Accordance with the Uniform Guidance)**  
**For The Year Ended June 30, 2016**

|                                                                                                                                                                                                                                                                                                                         | <b>FY 2016</b>         | <b>FY 2015</b>           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|
| <b>TOTAL REVENUES</b>                                                                                                                                                                                                                                                                                                   | \$3,546,388            | \$3,345,163              |
| Local Sources                                                                                                                                                                                                                                                                                                           | \$730,833              | \$516,024                |
| % of Total Revenues                                                                                                                                                                                                                                                                                                     | 20.61%                 | 15.43%                   |
| State Sources                                                                                                                                                                                                                                                                                                           | 1,513,399              | \$1,618,478              |
| % of Total Revenues                                                                                                                                                                                                                                                                                                     | 42.67%                 | 48.38%                   |
| Federal Sources                                                                                                                                                                                                                                                                                                         | \$1,302,156            | \$1,210,661              |
| % of Total Revenues                                                                                                                                                                                                                                                                                                     | 36.72%                 | 36.19%                   |
| <b>TOTAL EXPENDITURES</b>                                                                                                                                                                                                                                                                                               | \$3,534,453            | \$3,535,300              |
| Salaries and Benefits                                                                                                                                                                                                                                                                                                   | \$2,322,966            | \$2,475,580              |
| % of Total Expenditures                                                                                                                                                                                                                                                                                                 | 65.72%                 | 70.02%                   |
| Purchased Services                                                                                                                                                                                                                                                                                                      | \$579,847              | \$520,769                |
| % of Total Expenditures                                                                                                                                                                                                                                                                                                 | 16.41%                 | 14.73%                   |
| All Other Expenditures                                                                                                                                                                                                                                                                                                  | \$631,640              | \$538,951                |
| % of Total Expenditures                                                                                                                                                                                                                                                                                                 | 17.87%                 | 15.24%                   |
| <b>TOTAL NET POSITION</b>                                                                                                                                                                                                                                                                                               | \$419,572 <sup>1</sup> | \$(237,294) <sup>1</sup> |
| <b>INVESTMENT IN CAPITAL ASSETS</b>                                                                                                                                                                                                                                                                                     | \$16,073               | \$34,300                 |
| <sup>1</sup> The FY 2016 beginning net position was restated by \$644,931 due to the ROE not reporting the assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with pension benefits for the combined ROE in the current year.<br>Percentages may not add due to rounding. |                        |                          |

| <b>REGIONAL SUPERINTENDENT</b>                                                             |
|--------------------------------------------------------------------------------------------|
| During Audit Period: Honorable R. Matthew Donkin<br>Currently: Honorable R. Matthew Donkin |

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**SUBRECIPIENT MONITORING DOCUMENTATION**

**The Regional Office of Education #21 did not have adequate subrecipient monitoring documentation in accordance with 2 CFR Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.**

For fiscal year 2016, the *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), contained in 2 CFR Part 200, became effective for all federal award programs administered by the Franklin-Johnson-Massac-Williamson Counties Regional Office of Education # 21 (ROE). The Uniform Guidance (2 CFR 200.415(a)) requires the Regional Office to provide a specific certification to funding agencies on all annual and final fiscal reports or vouchers requesting payment, and conversely, requires the ROE to obtain such certification from its subrecipients.

The Uniform Guidance (2 CFR 200.331(b)) also requires the Regional Office to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

During our audit, the ROE was providing the certification to the Illinois State Board of Education, the funding agency for Title I School Improvement and Accountability, when required. However, the certifications were not obtained from the subrecipients of this program.

We also noted that although a ROE employee maintains an informal checklist for monitoring subrecipients of its Title I School Improvement and Accountability program, there are no formal documented procedures for monitoring subrecipients, including formal documentation of an assessed level of risk of noncompliance for each subrecipient as required by the Uniform Guidance.

The ROE passed through \$97,069 of federal funding to three different subrecipients of the Title I School Improvement and Accountability program.

According to ROE officials, the ROE was unable to dedicate the time needed to fully implement the Uniform Guidance due to competing priorities. (Finding 2016-001, pages 15a-15b)

The auditors recommended that the ROE develop policies and procedures to ensure all annual and final fiscal reports or vouchers requesting payment received from subrecipients of federal awards include the certification required by 2 CFR 200.415(a). Auditors also recommended the Regional Office formalize, in writing, its subrecipient monitoring procedures, which would include a formal risk assessment of each subrecipient, as required and described in 2 CFR 200.331(b).

The ROE responded it began FY 16 dealing with the dissolution of ROE #02 and its aftereffects with ROE #30 as our offices both assumed control of the counties involved and ROE #21 took responsibility for the remaining financial matters, as well as entering the fiscal year following recent turnover in its financial management department, it faced a lot of competing priorities in a short amount of time; ROE #21 worked though the issues as quickly as it could but struggled to keep up with further training to implement the constantly evolving Uniform Guidance. Following the resolution of the unique and challenging issues faced in FY 16, ROE #21 will plan to accept and implement the recommendations from the auditor.

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #21's financial statements as of June 30, 2016 are fairly stated in all material respects, except for not recognizing assets, liabilities, deferred outflows of resources, and/or deferred inflows of resources for pension benefits in the Statement of Net Position and Statement of Activities.

This financial report was conducted by the firm of Kemper CPA Group LLP.

**SIGNED ORIGINAL ON FILE**

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AMEEN DADA  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

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FRANK J. MAUTINO  
Auditor General

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