



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

FINANCIAL AUDIT
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:	1	0	1						
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>						
TOTAL	1	0	1						
FINDINGS LAST AUDIT: 0									

SYNOPSIS

- (22-1) The Intermediate Service Center #4 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.

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

FINANCIAL AUDIT
For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$5,513,805	\$4,889,513
Local Sources	\$2,058,492	\$1,455,158
% of Total Revenues	37.33%	29.76%
State Sources	\$2,912,088	\$3,130,310
% of Total Revenues	52.81%	64.02%
Federal Sources	\$543,225	\$304,045
% of Total Revenues	9.85%	6.22%
TOTAL EXPENDITURES	\$5,096,901	\$5,198,355
Salaries and Benefits	\$3,795,249	\$3,964,419
% of Total Expenditures	74.46%	76.26%
Purchased Services	\$1,019,814	\$831,432
% of Total Expenditures	20.01%	15.99%
All Other Expenditures	\$281,838	\$402,504
% of Total Expenditures	5.53%	7.74%
TOTAL NET POSITION	\$4,820,791 ¹	\$4,593,940
INVESTMENT IN CAPITAL ASSETS	\$0	\$2,719,491
¹ The FY 2022 beginning net position was restated by (\$190,053) due to a change in accounting principle from generally accepted accounting principles (GAAP) basis to cash basis of accounting. Percentages may not add due to rounding.		

EXECUTIVE DIRECTOR

During Audit Period: Dr. Vanessa J. Kinder
 Currently: Dr. Vanessa J. Kinder

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Intermediate Service Center #4 did not have sufficient internal controls over the financial reporting process.

The Intermediate Service Center #4 (ISC) did not have sufficient internal controls over the financial reporting process. During review of the ISC's financial information, it was noted the ISC did not have adequate controls to ensure financial statement balances and disclosures were accurate. While the ISC maintained records to indicate the balances of financial statement accounts, material audit adjustments and changes to the related disclosures were proposed in order to ensure those balances and disclosures were accurate and appropriate for the basis of accounting selected for financial statement presentation. The ISC implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for Fiscal Year 2022. The ISC failed to identify a lease contract that qualifies as a lease under GASB Statement No. 87, thus causing an omission of a disclosure considered necessary to achieve a fair presentation of the ISC's financial statements.

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 ISC has chosen to utilize the cash basis of accounting for financial statement reporting. The ISC is required to maintain a system of controls over the preparation of financial statements in accordance with its selected basis of accounting.

The ISC'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 GASB. GASB Statement No. 87, *Leases*, provides guidance regarding properly identifying lease contracts, determining contracts that qualify as a lease under leasing arrangements, payments, cancellation clauses and other disclosures similar to GAAP to the extent applicable to the ISC.

The Regional Office management indicated they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with the cash basis of accounting as well as the disclosures required in implementing the new standard. (Finding 22-001, pages 10 – 11)

The auditors recommended the ISC should implement comprehensive preparation and/or review procedures as part of its internal controls over the preparation of financial

statements to ensure 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 basis of accounting selected for financial statements, GASB pronouncements, and knowledge of the ISC's activities and operations.

ROE Response: *The South Cook Intermediate Service Center #4 agrees with the recommendation and will improve its current financial statement preparation procedures to include a more comprehensive review especially when there are new GASB pronouncements implemented.*

AUDITORS' OPINION

Our auditors state the Intermediate Service Center #4's financial statements as of June 30, 2022 are fairly presented in all material respects.

This financial audit was conducted by the firm of Roth & Co., LLP.

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