



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #13**  
**CLINTON, JEFFERSON, MARION AND WASHINGTON COUNTIES**

FINANCIAL AUDIT  
 For the Year Ended: June 30, 2019

Release Date: June 29, 2022

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<u>New</u> 0	<u>Repeat</u> 0	<u>Total</u> 0	2016		19-1	
<b>Category 2:</b>	0	2	2	2018		19-2	
<b>Category 3:</b>	0	1	1	2016			19-3
<b>TOTAL</b>	0	3	3				
FINDINGS LAST AUDIT: 6							

**SYNOPSIS**

- (19-1) The Regional Office of Education #13 did not have sufficient controls over bank reconciliations.
- (19-2) The Regional Office of Education #13 did not have sufficient controls over cash receipts.
- (19-3) The Regional Office of Education #13 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.

**REGIONAL OFFICE OF EDUCATION #13**  
**CLINTON, JEFFERSON, MARION AND WASHINGTON COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2019**

	<b>FY 2019</b>	<b>FY 2018</b>
<b>TOTAL REVENUES</b>	\$6,533,373	\$6,956,384
Local Sources	\$811,232	\$886,465
% of Total Revenues	12.42%	12.74%
State Sources	\$5,532,279	\$5,901,412
% of Total Revenues	84.68%	84.83%
Federal Sources	\$189,862	\$168,507
% of Total Revenues	2.91%	2.42%
<b>TOTAL EXPENDITURES</b>	\$6,045,344	\$7,062,600
Salaries and Benefits	\$4,698,673	\$6,005,204
% of Total Expenditures	77.72%	85.03%
Purchased Services	\$808,132	\$791,184
% of Total Expenditures	13.37%	11.20%
All Other Expenditures	\$538,539	\$266,212
% of Total Expenditures	8.91%	3.77%
<b>TOTAL NET POSITION</b>	\$1,079,585 <sup>1</sup>	\$(1,860,487)
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$537,733
<sup>1</sup> The FY 2019 beginning net position was restated by \$2,452,043 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.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Ron Daniels Currently: Honorable Matt Renaud

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **CONTROLS OVER BANK RECONCILIATIONS**

**The Regional Office of Education #13 did not have sufficient controls over bank reconciliations.**

The Regional Office of Education #13 (ROE) did not have adequate controls over the preparation and review of bank reconciliations. During review of the ROE's monthly bank reconciliations for its two bank accounts, auditors noted bank reconciliations were not prepared or reviewed in a timely manner. Specifically, auditors noted the following:

- One (4%) monthly reconciliation was prepared 36 days after month end.
- One (4%) monthly reconciliation was reviewed 35 days after month end.
- For five (21%) monthly reconciliations, the previous and ending cash balances differed but were still approved and initialed.

The ROE is responsible for establishing and maintaining a system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of bank reconciliations. Bank reconciliations should be performed within a month of the closing date on the bank statement.

Regional Office management stated the delay in the preparation and review of bank reconciliations was due to not clearly assigning duties to perform the bank reconciliations. The errors noted on the bank reconciliation was due to staff's lack of familiarity in performing a bank reconciliation and a programming error in the accounting system. (Finding 19-001, pages 10 – 11) **This finding was first reported in 2016.**

The auditors recommended as part of internal control over cash, the ROE should prepare and review the monthly bank reconciliations within a month of the closing date on the bank statement. The review should ensure the reconciliation is completed accurately.

**ROE Response:** *As of July of 2019, bank statements are currently and will continue to be properly prepared by a newly employed staff member and then reviewed and dated by the Regional Superintendent.*

### **CONTROLS OVER CASH RECEIPTS**

**The Regional Office of Education #13 did not have sufficient controls over cash receipts.**

The Regional Office of Education #13 (ROE) did not have adequate controls over cash receipts. During review of 40 cash receipts, auditors noted the following:

- One (3%) deposit authorization form was prepared more than 19 days after the date on the cash receipt.

- Four (10%) cash receipts had no documentation of when checks were received. As a result, we were unable to determine if cash was deposited in a timely manner.

The ROE is responsible for establishing and maintaining an accurate system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of cash receipts and deposits. Deposit authorization forms and cash deposits should be performed timely, and evidence of review should be documented.

Regional Office management stated the untimely deposit was due to oversight, and the lack of documentation when checks were received was due to lack of procedures on proper documentation of check receipt dates. (Finding 19-002, pages 12 – 13)

The auditors recommended the ROE should document when all cash receipts are received, prepare and review the deposit authorization form timely, and compare it to the deposit slip and deposit cash receipts in a timely manner.

**ROE Response:** *The date in which a check is written (dated) is out of the control of ROE No. 13. Moving forward, payments received will be stamped the day they arrive at the bookkeeping office.*

#### **DELAY OF AUDIT**

**The Regional Office of Education #13 did not provide completed financial statements in an auditable form by the August 31 deadline.**

The Regional Office of Education #13 (ROE) did not provide completed financial statements in an auditable form within the required timeframe. An outside accounting firm was hired by the ROE to assist in the preparation of financial statements and related disclosures. For FY 2019, the ROE utilized the cash basis of accounting in presenting its financial statements.

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 (GAGAS). A Regional Office of Education or Educational Service Center is to utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

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 they contracted with a local CPA firm to assist them with preparing the financial statements. The ROE submitted the necessary information to the local CPA after the August 31 deadline. The ROE then worked within the local CPA firm's timeline to finalize the financial statements. (Finding 19-003, pages 14 – 15) **This finding was first reported in 2016.**

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 need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

**ROE Response:** *We have hired and worked with an outside accounting firm to prepare the financial statements and have the reports available in a timely manner moving forward.*

#### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #13's financial statements as of June 30, 2019 are fairly presented in all material respects.

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

**SIGNED ORIGINAL ON FILE**

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JOE BUTCHER  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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