



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #24**  
**GRUNDY AND KENDALL COUNTIES**

FINANCIAL AUDIT  
 For the Year Ended: June 30, 2023

Release Date: April 24, 2024

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2018	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 1	<u>Repeat</u> 0	<u>Total</u> 1				23-1
Category 2:	0	0	0				
Category 3:	0	1	1				
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>2</b>				
FINDINGS LAST AUDIT: 2							

**SYNOPSIS**

- (23-1) The Regional Office of Education #24 did not provide completed financial statements in an auditable form by the August 31 deadline.
- (23-2) The Regional Office of Education #24 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 #24**  
**GRUNDY AND KENDALL COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2023**

	<b>FY 2023</b>	<b>FY 2022</b>
<b>TOTAL REVENUES</b>	\$3,816,465	\$3,176,825
Local Sources	\$876,767	\$427,176
% of Total Revenues	22.97%	13.45%
State Sources	\$2,496,206	\$2,293,441
% of Total Revenues	65.41%	72.19%
Federal Sources	\$443,492	\$456,208
% of Total Revenues	11.62%	14.36%
<b>TOTAL EXPENDITURES</b>	\$3,487,051	\$3,029,700
Salaries and Benefits	\$1,843,429	\$1,858,466
% of Total Expenditures	52.86%	61.34%
Purchased Services	\$730,470	\$627,174
% of Total Expenditures	20.95%	20.70%
All Other Expenditures	\$913,152	\$544,060
% of Total Expenditures	26.19%	17.96%
<b>TOTAL NET POSITION</b>	\$1,730,128	\$1,400,715
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$0
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Christopher Mehochko Currently: Honorable Christopher Mehochko

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **DELAY OF AUDIT**

**The Regional Office of Education #24 did not provide completed financial statements in an auditable form by the August 31 deadline.**

The Regional Office of Education #24 (ROE) did not provide completed financial statements in an auditable form by the August 31, 2023 deadline. The preliminary draft was provided to the auditors on November 29, 2023.

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 30<sup>th</sup> 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). The Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit. The ROE has chosen to use the cash basis of accounting for financial reporting.

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 officials indicated they made changes to staff that handles the financials. A new Business Manager was hired along with an Office Assistant. Those two positions, along with the county paid employee, work together to reconcile all balances, complete payroll, and all other office financial information. The ROE contracts with a CPA firm to assist them with preparing the financial statements. The new ROE financial team has reconciled financials and is now currently on pace to meet the future deadlines. (Finding 23-001, pages 10 – 11) **This finding was first reported in 2018.**

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

**ROE Response:** *The new ROE financial team have made the necessary financial corrections. The team has reconciled financials and is now currently on pace to meet the future deadlines.*

## **CONTROLS OVER FINANCIAL STATEMENT PREPARATION**

### **The Regional Office of Education #24 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #24 (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 the cash-basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure errors and omissions in a timely manner. The ROE's financial information required material adjusting and reclassifying entries to present the financial statements in accordance with the cash basis of accounting.

The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with the cash basis of accounting. The ROE's internal controls over financial reporting should include adequately trained personnel with the knowledge, skills, and expertise to prepare and/or thoroughly review cash-basis financial statements to ensure that they are free of material misstatements and include all disclosures as required by the cash basis of accounting.

Regional Office management indicated the financial team discovered expenditures were incorrectly classified in the General Fund instead of the Education Fund grant programs. In addition, an error occurred with accounts being grouped on the financial statements. (Finding 23-002, page 12)

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

**ROE Response:** *The ROE financial team has established a protocol that has two different people viewing the classification of revenue and expenditures.*

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #24's financial statements as of June 30, 2023 are fairly presented in all material respects.

This financial audit was conducted by the firm of West & Company, LLC.

**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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