



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #34
LAKE COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2020

Release Date: June 5, 2024

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2019			20-1
Category 1:	0	0	0				
Category 2:	0	0	0				
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- (20-1) The Regional Office of Education #34 did not provide completed financial statements in an auditable format 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 #34
LAKE COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2020

	FY 2020	FY 2019
TOTAL REVENUES	\$8,993,359	\$8,130,180
Local Sources	\$3,007,395	\$3,291,833
% of Total Revenues	33.44%	40.49%
State Sources	\$5,920,425	\$4,767,708
% of Total Revenues	65.83%	58.64%
Federal Sources	\$65,539	\$70,639
% of Total Revenues	.73%	0.87%
TOTAL EXPENDITURES	\$8,497,546	\$7,292,962
Salaries and Benefits	\$3,773,169	\$3,068,023
% of Total Expenditures	44.40%	42.07%
Purchased Services	\$482,720	\$1,023,230
% of Total Expenditures	5.68%	14.03%
All Other Expenditures	\$4,241,657	\$3,201,709
% of Total Expenditures	49.92%	43.90%
TOTAL NET POSITION	\$4,735,256	\$4,239,443
INVESTMENT IN CAPITAL ASSETS	\$31,468	\$40,116
¹ Includes debt associated with a capital lease Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Roycealee Wood Currently: Dr. Michael Karner

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #34 did not provide completed financial statements in an auditable format by the August 31 deadline.

The Regional Office of Education #34 (ROE) did not provide completed financial statements in an auditable format in a timely fashion. The Fiscal Year 2020 financial report was not completed until September 8, 2022. Additionally, the ROE did not provide sufficient requested documents required to begin fieldwork until March 28, 2023. Finally, as audit fieldwork progressed, the ROE did not provide information timely to address follow-up requests needed to complete the audit. The final requested items were not provided until August 8, 2023.

The Regional Office 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 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. 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.

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 15th of the succeeding fiscal year. Financial reports are to be available no later than August 31st 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 ongoing internal personnel issues, office turnover, vacant positions and the implementation of several new programs and initiatives caused the office to experience difficulty in providing information by the required timeline. (Finding 20-001, pages 10 – 11)

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). Additionally, ROE management should consider if changing to the cash or modified cash basis would be allowable or beneficial to the ROE and users of the ROE statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31st deadline.

ROE Response: *The Regional Office of Education No. 34 agrees with this finding and continues to implement procedures to ensure compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320(c) (2). Annual financial statements will be compiled on an accrual basis of accounting in accordance with GAAP. Future financial statements will be available to the Auditor General by the August 31st deadline.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #34's financial statements as of June 30, 2020 are fairly presented in all material respects.

This financial audit was conducted by the firm of Sikich CPA LLC.

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:JMM