



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #44
MCHENRY COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2024

Release Date: January 28, 2026

FINDINGS THIS AUDIT: 4				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2	1	3	2023	24-1		
Category 2:	0	0	0	2018			24-4
Category 3:	0	1	1				
TOTAL	2	2	4				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- (24-1) The Regional Office of Education #44 did not have sufficient internal controls over financial statement preparation.
- (24-2) The Regional Office of Education #44 had uninsured and uncollateralized deposits.
- (24-3) The Regional Office of Education #44 did not comply with grant requirements.
- (24-4) The Regional Office of Education #44 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 #44
MCHENRY COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2024

	FY 2024	FY 2023
TOTAL REVENUES	\$3,521,090	\$1,763,830
Local Sources	\$1,853,471	\$473,356
% of Total Revenues	52.64%	26.84%
State Sources	\$1,573,856	\$1,171,467
% of Total Revenues	44.70%	66.42%
Federal Sources	\$93,763	\$119,007
% of Total Revenues	2.66%	6.75%
TOTAL EXPENDITURES	\$2,670,752	\$1,415,792
Salaries and Benefits	\$1,032,287	\$611,874
% of Total Expenditures	38.65%	43.22%
Purchased Services	\$764,436	\$190,558
% of Total Expenditures	28.62%	13.46%
All Other Expenditures	\$874,029	\$613,360
% of Total Expenditures	32.73%	43.32%
TOTAL NET POSITION	\$1,630,056	\$779,718
INVESTMENT IN CAPITAL ASSETS	\$30,412	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Diana Hartmann Currently: Honorable Diana Hartmann

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #44 did not have sufficient internal controls over financial statement preparation.

The Regional Office of Education #44 (ROE) did not have sufficient internal controls over the financial reporting process. While the ROE maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the 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 omissions in a timely manner.

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

During review of the ROE's financial information, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate in accordance with the modified cash basis of accounting. In addition, disclosures in the financial statements were missing related to capital assets, operating lease, and retirement systems.

Auditors also noted the budgetary comparison schedules presented as supplemental information for the grants from the Illinois State Board of Education (ISBE) did not accurately present the original and final budgets. The ROE subsequently revised the schedules to reflect the amounts per ISBE.

Regional Office management indicated they did not effectively detect all of the adjustments and disclosures needed in order to present financial statements in

accordance with the modified cash basis of accounting. (Finding 24-001, pages 11–12)

The auditors recommended the ROE should implement comprehensive preparation and/or review procedures as part of their internal control 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(s) possessing a thorough understanding of the basis of accounting selected for financial statements, GASB pronouncements, and knowledge of ROE's activities and operations.

ROE Response: *Effective July 1, 2025, a new accounting firm has been contracted to complete future audits and perform accounting duties for the Regional Office of Education No. 44.*

UNINSURED AND UNCOLLATERALIZED DEPOSITS

The Regional Office of Education #44 had uninsured and uncollateralized deposits.

The Regional Office of Education #44 (ROE) had uninsured and uncollateralized deposits. The ROE did not adequately perform formal monitoring procedures of its bank accounts to ensure that cash balances maintained at various financial institutions were fully secured and collateralized. The ROE has three financial institutions with bank balances totaling \$2,109,042 as of June 30, 2024, of which \$1,457,048 was uninsured or uncollateralized.

The ROE is required to follow the Illinois Public Funds Investment Act (30 ILCS 235/6 (d)) (Act). The Act gives authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institution's trust departments in the ROE's name. In addition, prudent business practice requires that all cash and investments held by the financial institutions for the ROE be adequately covered by depository insurance or collateral.

Regional Office management indicated competing priorities prevented them from monitoring the adequacy of the level of the collateral. (Finding 24-002, page 13)

The auditors recommended the ROE should regularly monitor balances held with financial institutions and secure sufficient pledged collateral. The ROE should

ensure the value of collateral remains adequate for the balance of the ROE's accounts according to the agreement in place.

ROE Response: *The gap in collateralization resulted from changing bank accounts requested by the County. Collateralization will be completed in FY 2026.*

NONCOMPLIANCE WITH GRANT REQUIREMENTS

The Regional Office of Education #44 did not comply with grant requirements.

The Regional Office of Education #44 (ROE) did not comply with grant requirements. The ROE submitted inaccurate expenditure reports to the grantor. We noted the total expenditures in the financial statements did not agree with the total expenditures reported to ISBE as follows:

Program	Total Expenditures per Financial Statements	Total Expenditures per Quarterly Reports submitted to ISBE	Difference (Over) Under Stated
ROE/ISC Operations	\$673,513	\$609,244	\$64,269
Regional Safe Schools program*	\$531,164	\$153,624	\$377,540
Regional Safe Schools**	\$223,504	\$296,000	(\$74,296)
Elementary and Secondary School Emergency Relief (PY 2024)	\$9,326	\$10,428	(\$1,102)

**This program's fiscal agent was the Special Education District of McHenry County until December 31, 2023.*

***This is the same program as the Regional Safe Schools Program that the ROE took over the fiscal duties starting January 1, 2024.*

In addition, for the ROE/ISC Operations grant, the ROE reported salaries of \$43,012 and purchased services of \$2,500 to ISBE but originally presented those expenditures as payment to other governments in their financial statements; and \$31,596 was reported as supplies and materials instead of capital outlay. The ROE made reclassifications in the financial statements to reflect the proper line items.

In all instances, the ROE did not submit corrected reports to ISBE.

Regional Office management indicated additional time was needed by the contracted bookkeeper to process and record Fiscal Year 2024 transactions, resulting in inaccurate amounts reported to ISBE. (Finding 24-003, pages 14-15)

The auditors recommended that the ROE should ensure grant expenditure reports are prepared using current and accurate financial data based on reports obtained from the ROE's accounting system.

ROE Response: *Due to inaccuracies, delays, and lack of correct accounting, the Regional Office of Education #44 did not renew the contract with the accounting firm utilized during FY 2024. As of July 1, 2025 another firm was contracted to perform the accounting and preparation of the financial statements.*

DELAY OF AUDIT

The Regional Office of Education #44 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #44 (ROE) did not provide complete financial statements in an auditable form by the August 31 deadline. The preliminary financial statements provided on June 2, 2025 required material adjustments and the updated financial statements were provided on November 21, 2025.

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. The ROE 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 the modified 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 management indicated the delay was due to additional time needed by the contracted bookkeeper to process and record Fiscal Year 2024 transactions. (Finding 24-004, pages 16-17) **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: *Due to inaccuracies, delays, and lack of correct accounting, the ROE did not renew the contract with the accounting firm utilized during FY 2024. As of July 1, 2025 another accounting firm was contracted and will perform the accounting and preparation of the financial statements.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #44's financial statements as of June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by the firm of Adelfia LLC.

SIGNED ORIGINAL ON FILE

TRICIA WAGNER
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