



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #49
ROCK ISLAND COUNTY

FINANCIAL AUDIT (In accordance with the Uniform Guidance) **Release Date: April 19, 2023**

For the Year Ended: June 30, 2022

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 0	<u>Repeat</u> 0	<u>Total</u> 0	2007		22-1	
Category 2:	0	2	2	2021		22-2	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(22-1)** The Regional Office of Education #49 lacked sufficient internal controls over the financial reporting process.
- **(21-2)** The Regional Office of Education #49 lacked sufficient internal controls over timely expenditure report submission.

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 #49
ROCK ISLAND COUNTY

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$4,478,612	\$4,908,672
Local Sources	\$292,454	\$248,341
% of Total Revenues	6.53%	5.06%
State Sources	\$3,294,881	\$4,212,045
% of Total Revenues	73.57%	85.81%
Federal Sources	\$891,277	\$448,286
% of Total Revenues	19.90%	9.13%
TOTAL EXPENDITURES	\$4,834,124	\$4,862,823
Salaries and Benefits	\$2,278,024	\$2,392,218
% of Total Expenditures	47.12%	49.19%
Purchased Services	\$1,193,033	\$1,471,266
% of Total Expenditures	24.68%	30.26%
All Other Expenditures	\$1,363,067	\$999,339
% of Total Expenditures	28.20%	20.55%
TOTAL NET POSITION	\$920,532 ¹	\$154,271
INVESTMENT IN CAPITAL ASSETS	\$0	\$47,907
¹ The FY 2022 beginning net position was restated by \$1,121,773 due to a change in accounting principle from generally accepted accounting principles (GAAP) basis to the cash basis of accounting. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Tammy Muerhoff Currently: Honorable Tammy Muerhoff

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #49 lacked sufficient internal controls over the financial reporting process.

The Regional Office of Education #49 (ROE) lacked 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 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 chose to utilize the cash basis of accounting for financial statement 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 Regional Office's financial information prepared by the ROE, 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, audit adjustments were proposed in order to ensure those balances were accurate in accordance with the cash basis of accounting.

Regional Office officials indicated they did not effectively detect all of the adjustments needed in order to present financial statements in accordance with the cash basis of accounting. (Finding 2022-001, pages 14 – 15) **This finding was first reported in 2007.**

The auditors recommended that the ROE should implement comprehensive preparation and/or review procedures as part of their internal control over the preparation of financial statements to ensure that 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 the ROE's activities and operations.

ROE Response: *The ROE will obtain the necessary information, additional training, and support in order to ensure the financial statement balances are accurate in order to eliminate the need for audit adjustments to occur. The ROE*

has contracted with an auditing firm to conduct the financial statement preparation to assist for the audit process in fiscal years 2018-2019, 2019-2020, 2020-2021, and 2021-2022 and will also contract with the auditing firm for these services for the 2022-2023 fiscal year. Also, an auditing firm has been contracted with in order to review records and financial information to prepare further for the preparation of the financial statement. A thorough review of the financial information will be conducted by the additional audit firm in order to determine further steps that can be taken to ensure the financial statements, including disclosures, are complete and accurate.

CONTROLS OVER TIMELY EXPENDITURE REPORT SUBMISSION

The Regional Office of Education #49 lacked sufficient internal controls over timely expenditure report submission.

The Regional Office of Education #49’s (ROE) internal controls over expenditure report submission were not effective. It was noted that expenditure reports for Illinois State Board of Education (ISBE) grants were not submitted timely. Specifically, the following expenditure reports were not submitted timely:

Program	Quarter Ended	Submit Date	Days Late
Early Childhood – GEER	12/31/2021	2/1/2022	12
Truants Alternative and Optional Education	8/31/2021	10/13/2021	23
Early Childhood Ages 0-3	8/31/2021	10/4/2021	14
Early Childhood Ages 3-5	8/31/2021	9/21/2021	1
ROE Operations Fund	8/31/2021	10/13/2021	23
Title IV – 21 st Century Hanson Elementary School	8/31/2021	9/21/2021	1
Title IV – 21 st Century Moline High School	8/31/2021	9/21/2021	1
Title IV – 21 st Century Glenview Middle School	8/31/2021	9/21/2021	1

The Illinois Grant Funds Recovery Act (30 ILCS 705/4) requires State grant recipients with awards in excess of \$25,000 to submit quarterly expenditure reports to reflect the progress of the grant program. The ISBE requires all grant recipients regardless of amount awarded, to submit quarterly expenditure reports. The *State and Federal Grant Administration Policy, Fiscal Requirements, and Procedures* of the ISBE Division of Funding and Disbursement Services

requires expenditure reports to be filed within 20 calendar days of the end of each reporting quarter and grant period end.

Regional Office officials indicated they did not detect in a timely and effective manner that the expenditure reports had not been submitted prior to the due dates. (Finding 2022-002, pages 16 – 17)

The auditors recommended the ROE should take appropriate steps to ensure the expenditure reports are filed within the prescribed guidelines set forth by ISBE.

ROE Response: *A new bookkeeper has joined the team at the Rock Island County Regional Office of Education and, in conjunction with the Regional Superintendent and grant program personnel, a specific process has been established to review the specific due dates of the expenditure reports at the onset of the fiscal year. All pertinent information that is necessary for the completion of the reports are identified by the Regional Superintendent, grant program personnel, and accounting department personnel to provide in a readily available format in order to ensure successful completion of the report by the due date. Additionally, dates are identified for when the reports will be submitted to ISBE, which is well in advance of the due dates. All accounting personnel have been cross trained in the process for expenditure report submittal in order to ensure the reports are submitted to ISBE by the prescribed due dates.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #49's financial statements as of June 30, 2022 are fairly presented in all material respects.

This financial audit was conducted by the firm of Winkel, Parker & Foster, CPA PC.

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