



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #51
MENARD AND SANGAMON COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2019

Release Date: January 27, 2021

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	2016			19-1
Category 2:	0	1	1	2018		19-2	
Category 3:	0	1	1				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(19-1)** The Regional Office of Education #51 did not provide financial statements in an auditable form by the August 31 deadline.
- **(19-2)** The Regional Office of Education #51 did not have adequate internal controls over cash.

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 #51
MENARD AND SANGAMON COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2019

	FY 2019	FY 2018
TOTAL REVENUES	\$5,136,093	\$6,413,132
Local Sources	\$691,660	\$982,424
% of Total Revenues	13.47%	15.32%
State Sources	\$4,159,458	\$4,955,846
% of Total Revenues	80.98%	77.28%
Federal Sources	\$284,975	\$474,862
% of Total Revenues	5.55%	7.40%
TOTAL EXPENDITURES	\$5,306,167	\$8,076,522
Salaries and Benefits	\$4,309,590	\$7,012,557
% of Total Expenditures	81.22%	86.83%
Purchased Services	\$617,336	\$619,403
% of Total Expenditures	11.63%	7.67%
All Other Expenditures	\$379,241	\$444,562
% of Total Expenditures	7.15%	5.50%
TOTAL NET POSITION	\$(5,843,783)	\$(5,673,709)
INVESTMENT IN CAPITAL ASSETS	\$4,607	\$4,184
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Jeff Vose Currently: Honorable Jeff Vose

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #51 did not provide financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #51 (ROE) did not have its fiscal year 2019 financial records in auditable form and did not make its financial report available to auditors until June 2020.

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.

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. Annual financial statements are to be prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

In addition, prudent business practices and transparency require timely preparation and completion of financial statements.

Regional Office management indicated the delays in completing financial records and reports for fiscal year 2019 were a result of issues from previous years which caused significant delays but have now been corrected. (Finding 19-001, pages 10a – 10b) **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 should be compiled on an accrual basis of accounting in accordance with GAAP. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *The ROE has implemented procedures to achieve compliance with 105 ILCS 5/2-3.17a and 74 Ill. Adm. Code 420.320 (c) (2). Annual financial statements are now prepared on an accrual basis of accounting in accordance with GAAP. Financial statements were presented to independent auditors based on a timeline provided with as little of delay as possible by the Regional Office.*

INTERNAL CONTROLS OVER CASH

The Regional Office of Education #51 did not have adequate internal controls over cash.

The Regional Office of Education #51 (ROE) did not maintain effective internal control over bank reconciliations. During the auditors' testing, they noted none of the monthly bank reconciliations were prepared and reviewed by management in a timely manner. All of the bank reconciliations for fiscal year 2019 were completed in March 2020 and reviewed by management in July 2020.

The ROE is responsible for establishing and maintaining a system of internal controls over the accounting system to prevent errors and fraud.

Regional Office management indicated the bank reconciliations for fiscal year 2019 were not completed in a timely manner as the Regional Office was working to resolve other issues within its accounting system from prior years. (Finding 19-002, page 10c)

The auditors recommended the ROE prepare monthly bank reconciliations and subject them to review by management in a timely manner.

ROE Response: *The ROE accepts the auditor's recommendations and will immediately implement procedures to ensure a timely review of all bank reconciliations by management.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #51's financial statements as of June 30, 2019 are fairly stated in all material respects.

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

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