



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #3
BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY
COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2025

Release Date: February 18, 2026

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS					
				Repeated Since	Category 1	Category 2	Category 3	No Repeat Findings	
	<u>New</u>	<u>Repeat</u>	<u>Total</u>						
Category 1:	1	0	1						
Category 2:	0	0	0						
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>						
TOTAL	1	0	1						
FINDINGS LAST AUDIT: 1									

SYNOPSIS

- **(25-1)** The Regional Office of Education #3 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 #3
BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY COUNTIES

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For The Year Ended June 30, 2025

	FY 2025	FY 2024
TOTAL REVENUES	\$4,407,218	\$4,388,492
Local Sources	\$965,101	\$862,068
% of Total Revenues	21.90%	19.64%
State Sources	\$2,771,381	\$2,812,244
% of Total Revenues	62.88%	64.08%
Federal Sources	\$670,736	\$714,180
% of Total Revenues	15.22%	16.27%
TOTAL EXPENDITURES	\$4,209,105	\$3,911,936
Salaries and Benefits	\$2,781,314	\$2,483,614
% of Total Expenditures	66.08%	63.49%
Purchased Services	\$860,517	\$675,089
% of Total Expenditures	20.44%	17.26%
All Other Expenditures	\$567,274	\$753,233
% of Total Expenditures	13.48%	19.25%
TOTAL NET POSITION	\$3,196,170	\$2,998,057
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Julie Wollerman Currently: Honorable Julie Wollerman

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #3 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #3 (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 cash basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure errors and omissions in a timely manner.

The School Code 105 ILCS 5/2-3.17a allows a ROE 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 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 ROE'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 reasonable in accordance with the cash basis of accounting. The following issues were noted:

- The ROE's preliminary financial statements required material adjustments to the Institute fund in order to present the financial statements in accordance with the cash basis of accounting.
- The ROE did not have adequate controls over the classification of transactions which resulted in expenditure line items to be overstated and understated.
- The ROE did not have adequate controls over the maintenance of complete records as the accounting records did not agree to the preliminary financial statements.
- The ROE did not have adequate control over the preparation and presentation of budgets on the preliminary financial statements as budgetary information was not correct.

- The ROE's preliminary financial statements required material adjustments to allocate interest earned from the pooled cash account to each source of funds.
- The ROE's preliminary financial statements reported the Instructional Coach IGA as federal revenue and included expenditures on the Schedule of Expenditures of Federal Awards (SEFA). Auditors noted that these funds should be reported as state revenue and should not be on the SEFA. Due to this, federal expenditures are under the \$750,000 threshold and the SEFA should not be reported in the financial statements.
- The ROE's preliminary financial statements required a prior period adjustment to reduce the beginning fund balance of the Bus Driver Training Fund and increased the fund balance of the General Fund. This accounted for salaries and benefit expenses that were disbursed during the year ended June 30, 2024, but not originally reflected as disbursement from the Bus Driver Training Fund.

Regional Office management indicated the exceptions were due to the Business Office Bookkeepers not allowing sufficient time to review the financial statements with the contracted accounting firm before sending to the approved auditors.

The auditors recommended the ROE should implement comprehensive preparation and/or review procedures as part of 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 activities and operations.

ROE Response: *The ROE will implement controls over financial statements for both the internal Business Office Bookkeepers and the contracted accounting firm to prepare and review the financial statements to ensure that balances and classifications are accurate for financial statement preparation. The ROE will also implement a timeline allowing sufficient time to review financial statements before submitting to the approved auditors.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #3's financial statements as of June 30, 2025 are fairly presented in all material respects.

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