



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #13
CLINTON, JEFFERSON, MARION AND WASHINGTON COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2021

Release Date: June 28, 2023

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>				
Category 1:	0	0	0	2016		21-1	
Category 2:	0	2	2	2018		21-2	
Category 3:	0	1	1	2016			21-3
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- (21-1) The Regional Office of Education #13 did not have sufficient controls over bank reconciliations.
- (21-2) The Regional Office of Education #13 did not have sufficient controls over cash receipts.
- (21-3) The Regional Office of Education #13 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 #13
CLINTON, JEFFERSON, MARION AND WASHINGTON COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2021

	FY 2021	FY 2020
TOTAL REVENUES	\$6,733,463	\$6,236,389
Local Sources	\$936,741	\$931,712
% of Total Revenues	13.91%	14.94%
State Sources	\$5,636,495	\$5,211,834
% of Total Revenues	83.71%	83.57%
Federal Sources	\$160,227	\$92,843
% of Total Revenues	2.38%	1.49%
TOTAL EXPENDITURES	\$6,428,610	\$6,300,762
Salaries and Benefits	\$4,974,102	\$4,858,196
% of Total Expenditures	77.37%	77.10%
Purchased Services	\$874,902	\$919,868
% of Total Expenditures	13.61%	14.60%
All Other Expenditures	\$579,606	\$522,698
% of Total Expenditures	9.02%	8.30%
TOTAL NET POSITION	\$1,319,164	\$1,014,311
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Ron Daniels Currently: Honorable Matt Renaud

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER BANK RECONCILIATIONS

The Regional Office of Education #13 did not have sufficient controls over bank reconciliations.

The Regional Office of Education #13 (ROE) did not have adequate controls over the preparation and review of bank reconciliations. During review of the ROE's monthly bank reconciliations for its three bank accounts, auditors noted bank reconciliations were not accurately prepared or reviewed in a timely manner. Specifically, auditors noted the following:

- Two (6%) monthly reconciliations were prepared 35 days after month end.
- Seven (21%) monthly reconciliations were prepared 2 to 18 days late.

The ROE is responsible for establishing and maintaining a system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of bank reconciliations.

Regional Office management indicated the delay in the preparation and review of bank reconciliations was due to not clearly assigning duties to perform the bank reconciliations. (Finding 21-001, page 10) **This finding was first reported in 2016.**

The auditors recommended as part of internal control over cash, the ROE should prepare and review the monthly bank reconciliations within a month of the closing date on the bank statement.

ROE Response: *The ROE No. 13 agrees with the finding. A new staff member has been given the task of completing the bank reconciliation.*

CONTROLS OVER CASH RECEIPTS

The Regional Office of Education #13 did not have sufficient controls over cash receipts.

The Regional Office of Education #13 (ROE) did not have adequate controls over cash receipts. During review of 40 cash receipts, auditors noted the following:

- Four (10%) deposit authorization forms were prepared 8 to 18 days after the cash receipt dates.
- Three (8%) cash receipts had no documentation of when checks were received. As a result, auditors were unable to determine if cash was deposited in a timely manner.

The ROE is responsible for establishing and maintaining an accurate system of internal controls over cash to prevent errors and fraud. This includes timely preparation and review of cash

receipts and deposits. Deposit authorization forms and cash deposits should be performed timely, and evidence of review should be documented.

Regional Office management stated the untimely deposits were due to oversight and the lack of documentation when checks were received was due to lack of procedures on proper documentation of check receipt dates. (Finding 21-002, pages 11 – 12) **This finding was first reported in 2018.**

The auditors recommended the ROE should document when all cash receipts are received, prepare and review the deposit authorization form timely, and compare it to the deposit slip and deposit cash receipts in a timely manner.

ROE Response: *The ROE No. 13 agrees with the finding. The ROE has implemented the recommendation and is documenting when all checks are received.*

DELAY OF AUDIT

The Regional Office of Education #13 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #13 (ROE) did not provide completed financial statements in an auditable form within the required timeframe. An outside accounting firm was hired by the ROE to assist in the preparation of financial statements and related disclosures.

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 (GAGAS). A Regional Office of Education or Educational Service Center is to 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 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 they contracted with a local CPA firm to assist them with preparing the financial statements. The ROE submitted the necessary information to the local CPA after the August 31 deadline. The ROE then worked within the local CPA firm's timeline to finalize the financial statements. (Finding 21-003, pages 13 – 14) **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 need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *The ROE No. 13 agrees with the finding. The ROE has hired an outside CPA to complete financial statements in a timely manner.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #13's financial statements as of June 30, 2021 are fairly presented in all material respects.

This financial audit was conducted by the firm of Roth & Company, 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:BAO