



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #21
FRANKLIN, JOHNSON, MASSAC AND WILLIAMSON COUNTIES

FINANCIAL AUDIT (In Accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2023

Release Date: July 17, 2024

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

SYNOPSIS

- **(23-1)** The Regional Office of Education #21 did not have adequate internal controls over the preparation of the Schedule of Expenditures of Federal Awards.
- **(23-2)** The Regional Office of Education #21 did not have sufficient internal controls over financial statement preparation.

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 #21
FRANKLIN, JOHNSON, MASSAC AND WILLIAMSON COUNTIES

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2023

	FY 2023	FY 2022
TOTAL REVENUES	\$5,784,115	\$4,119,428
Local Sources	\$1,690,446	\$1,315,511
% of Total Revenues	29.23%	31.93%
State Sources	\$1,570,498	\$1,233,421
% of Total Revenues	27.15%	29.94%
Federal Sources	\$2,523,171	\$1,570,496
% of Total Revenues	43.62%	38.12%
TOTAL EXPENDITURES	\$5,176,028	\$3,524,465
Salaries and Benefits	\$2,417,042	\$1,862,527
% of Total Expenditures	46.70%	52.85%
Purchased Services	\$988,939	\$801,010
% of Total Expenditures	19.11%	22.73%
All Other Expenditures	\$1,770,047	\$860,928
% of Total Expenditures	34.20%	24.43%
TOTAL NET POSITION	\$2,790,223	\$2,182,136
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Lorie LeQuatte Currently: Honorable Lorie LeQuatte

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Regional Office of Education #21 did not have adequate internal controls over the preparation of the Schedule of Expenditures of Federal Awards.

During review of the Regional Office of Education #21's (ROE's) Schedule of Expenditures of Federal Awards (SEFA), it was noted the ROE did not have sufficient internal controls over the preparation of the SEFA to ensure all federal expenditures during the fiscal year were reported in the SEFA and information in the SEFA was accurately reported.

The ROE is required to maintain a system of controls over the preparation of the SEFA. The ROE's internal controls over SEFA preparation should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review the SEFA to ensure that they are free of material misstatements and include all disclosures as required by federal guidelines.

Auditors noted the following in the originally submitted SEFA:

- Federal expenditures from the New Principal Mentoring Program of \$63,495; Partners to LEAD-PTL2 of \$82,894; Leading while Learning Program of \$29,966; and The Bridge Project of \$11,479 were reported in the SEFA. Auditors verified that the sources are not coming from Federal sources.
- Assistance Listing Number 84.425D, Social Emotional Learning and Trauma Response passed-through to subrecipients amount of \$613,124 was not included in the SEFA.
- Expenditures amounting to \$8,262 were incorrectly reported on the SEFA as Assistance Listing Number 97.036 Public Assistance Program.

The ROE subsequently revised its SEFA to correct these errors.

Regional Office management indicated this was an oversight. (Finding 23-001, pages 16 – 18)

The auditors recommended the ROE should implement comprehensive preparation and/or review procedures as part of their internal control over the preparation of the SEFA to ensure the SEFA, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of the applicable federal guidelines and knowledge of the ROE's grant programs and activities.

ROE Response: *Following the issuance of this finding, ROE No. 21 has engaged a new accounting firm to provide consultation on new grant agreements and ensure accuracy of ROE No. 21 reporting procedures. In addition, with reference to ROE No. 21 being cited solely for inaccuracies in financial statement preparation, new reconciliation procedures have been implemented to ensure accurate reporting of ROE No. 21 activity by outsourced services. ROE No. 21 is currently transitioning to a new service provider that meets our stringent accuracy standards and has the resources to closely collaborate with ROE No. 21 staff to ensure precise reporting of ROE No. 21 activity.*

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #21 did not have sufficient internal controls over financial statement preparation.

The Regional Office of Education #21 (ROE) did not have sufficient internal controls over financial statement preparation.

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 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. The ROE's internal controls over financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

During review of the ROE's financial information, it was noted the ROE did not have sufficient internal controls over the financial reporting process to ensure financial statement transactions were accurately reported as follows:

- During the auditors' review of grant agreements, auditors noted the program revenue that was passed-through Regional Office of Education #19 for New Principal Mentoring Program of \$58,762 and Partners to LEAD-PTL2 of \$76,610 and Passed-through Regional Office of Education #17 Leading While Learning Program of \$28,270 were verified to be vendor contract agreements instead of subgrants. These revenues should have been reported as local sources instead of federal sources. Expenditures related to these programs should not be reported on

the Schedule of Expenditures of Federal Awards (SEFA).

- During review of pension contributions to the Defined Benefit Pension Plan pooled under the Illinois Municipal Retirement Fund (IMRF) and the Teacher's Retirement System of the State of Illinois (TRS), the amount reported as pension expense in the financial statements was overstated by \$30,828 and should have been included in the salaries and benefits expense. In addition, Other Post-Employment Benefits (OPEB) expense in the financial statements was understated by \$958.
- Changes from the first two bullets above resulted in adjustments to the balances of various programs' cash account, revenue, and expenditure line items, as well as the corresponding Budget Comparison Schedules.
- Financial statement notes did not disclose a vehicle amounting to \$11,673 or copy machine leases amounting to \$12,230 as annual expenses.

The ROE subsequently revised its financial statements to correct these errors.

Regional Office management indicated this was an oversight. (Finding 23-002, pages 19 – 20)

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 the ROE's activities and operations.

ROE Response: *Following the issuance of this finding, ROE No. 21 has engaged a new accounting firm to provide consultation on new grant agreements and ensure accuracy of ROE No. 21 reporting procedures. In addition, with reference to ROE No. 21 being cited solely for inaccuracies in financial statement preparation, new reconciliation procedures have been implemented to ensure accurate reporting of ROE No. 21 activity by outsourced services. ROE No. 21 is currently transitioning to a new service provider that meets our stringent accuracy standards and has the resources to closely collaborate with ROE No. 21 staff to ensure precise reporting of ROE No. 21 activity.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #21's financial statements as of June 30, 2023 are fairly presented in all material respects.

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

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:JMM