



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #47
LEE, OGLE AND WHITESIDE COUNTIES

FINANCIAL AUDIT (In Accordance with the Uniform Release Date: August 21, 2024
 Guidance)
 For the Year Ended: June 30, 2021

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 0	<u>Repeat</u> 1	<u>Total</u> 1	2018			21-1
Category 2:	0	1	1	2017	21-2		
Category 3:	0	1	1	2017		21-3	
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 4							

SYNOPSIS

- (21-1) The Regional Office of Education #47 did not provide completed financial statements in an auditable form by the August 31 deadline.
- (21-2) The Regional Office of Education #47 lacked written policies for federal grants.
- (21-3) The Regional Office of Education #47 did not have adequate subrecipient monitoring documentation.

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 #47
LEE, OGLE AND WHITESIDE COUNTIES

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2021

	FY 2021	FY 2020
TOTAL REVENUES	\$4,907,661	\$4,754,179
Local Sources	\$1,321,677	\$1,097,130
% of Total Revenues	26.93%	23.08%
State Sources	\$1,370,772	\$1,259,975
% of Total Revenues	27.93%	26.50%
Federal Sources	\$2,215,212	\$2,397,074
% of Total Revenues	45.14%	50.42%
TOTAL EXPENDITURES	\$4,053,084	\$4,373,805
Salaries and Benefits	\$2,176,532	\$2,143,402
% of Total Expenditures	53.70%	49.01%
Purchased Services	\$495,734	\$704,991
% of Total Expenditures	12.23%	16.12%
All Other Expenditures	\$1,380,818	\$1,525,412
% of Total Expenditures	34.07%	34.88%
TOTAL NET POSITION	\$2,423,234 ¹	\$1,568,132
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
¹ The FY2021 beginning net position was restated by \$525 due to the implementation of a new Governmental Accounting Standards Board Statement. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Robert Sondgeroth Currently: Honorable Chris Tennyson

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

DELAY OF AUDIT

The Regional Office of Education #47 did not provide completed financial statements in an auditable form by the August 31 deadline.

The Regional Office of Education #47 (ROE) did not provide completed financial statements in an auditable form by the August 31, 2021 deadline. Completed financial statements were received on December 8, 2021. The June 30, 2018 and June 30, 2019 audits were released on December 15, 2021 and October 19, 2022, respectively. Additionally, the June 30, 2020 audit was not released until August 30, 2023.

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. The Regional Office of Education or Educational Service Center may utilize a cash basis, modified cash basis, or generally accepted accounting principles (GAAP) basis of accounting to prepare the financial statements for audit.

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 did not provide their books to their outside accountant in time to fully adjust and prepare their financial statements in an auditable form. (Finding 21-001, pages 14a – 14b) **This finding was first reported in 2018.**

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). Regional Office

management should establish policies and procedures which set forth closing schedules, deadline, and accountability for the timely generation of financial statements. These financial statements need to be presented to the Auditor General's independent auditors for audit by the August 31 deadline.

ROE Response: *Management agrees with the finding.*

LACK OF WRITTEN POLICIES FOR FEDERAL GRANTS

The Regional Office of Education #47 lacked written policies for federal grants.

The Regional Office of Education #47 (ROE) as of April 2021, had developed, but not implemented written procedures concerning cash management, the determination of allowability of costs in accordance with Subpart E – Cost Principles of the Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the terms and conditions of the federal award. For the period of July 2020 through March 2021, the ROE utilized informal procedures in which each purchase made or cost allocated to the Individuals with Disabilities Education Act (IDEA) – Improvement Grant – Part D was reviewed for allowability by an individual with knowledge of the budget, allowable costs and activities, and the cash management requirements. The allowability determinations were based on the amounts included in the budgets for the IDEA – Improvement Grant – Part D approved by, and the grant periods set by, the Illinois State Board of Education (ISBE).

The Uniform Guidance, contained in 2 CFR Part 200, became effective for all federal award programs administered by the ROE that were issued on or after December 26, 2014. Specifically, the Uniform Guidance (2 CFR 200.302(b)(7)) requires the ROE to have written procedures related to cash management and for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

Regional Office management indicated they developed the written procedures late into the fiscal year, and were unable to fully implement the Uniform Guidance during the full fiscal year. (Finding 21-002, pages 15a – 15b) **This finding was first reported in 2017.**

The auditors recommended the ROE implement written procedures to comply with the requirements related to cash management for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the federal award.

ROE Response: *Effective April 2021, the Regional Office has developed written policies and procedures related to the Uniform Guidance.*

SUBRECIPIENT MONITORING

The Regional Office of Education #47 did not have adequate subrecipient monitoring documentation.

The Regional Office of Education #47 (ROE) did not have effective internal controls over subrecipient monitoring. Furthermore, the ROE was not properly monitoring subrecipients in accordance with Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) standards. During audit testing procedures it was determined that the ROE:

	Number of Subrecipients
a. Did not evaluate the risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.	2 of 2
b. Did not conduct subrecipient monitoring procedures.	2 of 2
c. Did not determine whether the subrecipient met the 2 CFR 200 Subpart F Audit requirements criteria for a single audit.	2 of 2

The Uniform Guidance requires the Regional Office to ensure any subrecipient monitoring using federal funds be consistent with the standards set forth in the Uniform Guidance at 2 CFR 200.332. Additionally, the Uniform Guidance section 200.303 *Internal Controls* states the following : “The non-Federal entity must:

- a. Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Regional Office management indicated the ROE experienced staff turnover and did not formally document policies and procedures that provide controls and structures to ensure all of its subrecipient monitoring accountabilities are conducted and complied with. (Finding 21-003, pages 15c – 15d) **This finding was first reported in 2017.**

The auditors recommended the ROE establish and maintain effective internal control over federal awards to ensure

subrecipients are properly monitored as required by 2 CFR 200.332. This includes:

- a. Evaluating the risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward;
- b. Conducting subrecipient monitoring procedures; and
- c. Determining whether the subrecipient met the requirement criteria of 2 CFR 200 Subpart F Audit requirements for a single audit.

ROE Response: *Management agrees with this finding.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #47's financial statements as of June 30, 2021 are fairly presented in all material respects.

This financial audit was conducted by the firm of Prado & Renteria Certified Public Accountants.

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