



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
 Guidance)

Release Date: August 21, 2024

For the Year Ended: June 30, 2022

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	2018			22-1
Category 2:	0	1	1	2017		22-2	
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- (22-1) The Regional Office of Education #47 did not provide completed financial statements in an auditable form by the August 31 deadline.
- (22-2) 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, 2022

	FY 2022	FY 2021
TOTAL REVENUES	\$3,780,250	\$4,907,661
Local Sources	\$1,452,632	\$1,321,677
% of Total Revenues	38.43%	26.93%
State Sources	\$1,484,385	\$1,370,772
% of Total Revenues	39.27%	27.93%
Federal Sources	\$843,233	\$2,215,212
% of Total Revenues	22.31%	45.14%
TOTAL EXPENDITURES	\$4,208,708	\$4,053,084
Salaries and Benefits	\$2,331,805	\$2,176,532
% of Total Expenditures	55.40%	53.70%
Purchased Services	\$497,705	\$495,734
% of Total Expenditures	11.83%	12.23%
All Other Expenditures	\$1,379,198	\$1,380,818
% of Total Expenditures	32.77%	34.07%
TOTAL NET POSITION	\$1,994,776	\$2,423,234
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Chris Tennyson 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, 2022 deadline. Completed financial statements were received on September 29, 2023. The June 30, 2018; June 30, 2019; and June 30, 2020 audits were released on December 15, 2021; October 19, 2022; and August 30, 2023 respectively. Additionally, the June 30, 2021 audit was not released until 2024.

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 22-001, pages 15a – 15b) **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. ROE 47 will ensure the financial statements will be prepared and available by August 31st of that year.*

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 adequate subrecipient monitoring documentation. Audit procedures revealed that the ROE was not properly monitoring subrecipients in accordance with the Uniform Guidance standards as follows:

McKinney Education for Homeless Children – for three (3) of three (3) subrecipients tested, ROE #47:

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

COVID-19 ARP – McKinney Education for Homeless Children – for two (2) of two (2) subrecipients tested, ROE #47:

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

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 it had not been asked to distribute Federal ARP funds before. All the funds were distributed to public school districts that are subject to state audits every year themselves, and we mistakenly did not follow up to get the results of their audits. (Finding 22-002 pages 16a – 16b) **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. Identifying the subaward and applicable requirements in the agreements;
- b. Evaluating the risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward;
- c. Conducting subrecipient monitoring procedures; and
- d. Determining whether the subrecipient met the requirement criteria of 2 CFR 200 Subpart F Audit requirements for a single audit.

ROE Response: *Effective April 2024, the Regional Office will formally identify the subaward and the applicable requirements in our agreements. We will conduct subrecipient monitoring procedures. We will determine if the subrecipient met the requirement criteria of 2 CFR 200 Subpart F Audit requirements for single audit.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #47's financial statements as of June 30, 2022 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