



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #53
MASON, TAZEVELL AND WOODFORD COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2021

Release Date: April 27, 2022

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2020	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>				
Category 1:	0	0	0			21-1	
Category 2:	0	1	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(21-1)** The Regional Office of Education #53 lacked adequate controls over the review of internal controls over external service providers.

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 #53
MASON, TAZEWELL AND WOODFORD COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2021

	FY 2021	FY 2020
TOTAL REVENUES	\$1,766,440	\$1,910,730
Local Sources	\$484,964	\$530,253
% of Total Revenues	27.45%	27.75%
State Sources	\$1,212,507	\$1,356,291
% of Total Revenues	68.64%	70.98%
Federal Sources	\$68,969	\$24,186
% of Total Revenues	3.90%	1.27%
TOTAL EXPENDITURES	\$1,488,360	\$1,812,691
Salaries and Benefits	\$1,109,545	\$1,454,707
% of Total Expenditures	74.55%	80.25%
Purchased Services	\$283,506	\$233,426
% of Total Expenditures	19.05%	12.88%
All Other Expenditures	\$95,309	\$124,558
% of Total Expenditures	6.40%	6.87%
TOTAL NET POSITION	\$4,518,087	\$4,240,007
INVESTMENT IN CAPITAL ASSETS	\$28,208	\$17,158
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Jeff Ekena Currently: Honorable Jeff Ekena

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

LACK OF ADEQUATE CONTROLS OVER THE REVIEW OF INTERNAL CONTROLS OVER EXTERNAL SERVICE PROVIDERS

The Regional Office of Education #53 lacked adequate controls over the review of internal controls over external service providers.

Regional Office of Education #53 (ROE) failed to develop a formal process for reviewing its external service providers' internal controls to ensure the accurate processing and security of information.

The ROE is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

Generally accepted information technology guidance endorses the review and assessment of internal controls related to information systems and operations to assure the accurate processing and security of information.

During testing, the auditors noted the ROE had not:

- Developed a formal process for identifying service providers and for either obtaining the Service Organization Controls (SOC) reports from the service providers and related subservice organization or performing alternative procedures to determine the impact of such services on its internal control environment prior to signing an agreement with the service provider.
- Documented its review of each of the SOC reports or performed alternative procedures, to evaluate any issues relevant to the ROE's internal controls.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the ROE's operations.

Regional Office officials indicated they understand the importance of a formal process to monitor service providers and did not realize the current process was still not adequate to address all the issues noted. (Finding 21-001, pages 11 – 12)

The auditors recommended the ROE identify all third-party service providers and determine and document if a review of controls is required. If required, the ROE should:

- Obtain SOC reports or perform independent reviews of internal controls associated with outsourced systems including services provided by subservice organizations, prior to signing agreements with the providers and annually thereafter.

- Monitor and document the operation of the CUECs relevant to the ROE's operations.
- Document its review of the SOC reports or perform alternative procedures to evaluate all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the ROE, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

ROE Response: *The ROE will identify all third-party service providers and determine and document if a review of controls is required. If required, the ROE will:*

- *Obtain SOC reports or perform independent review of internal controls associated with outsourced systems at least annually.*
- *Monitor and document the operation of the CUECs relevant to the ROE's operations.*
- *Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.*
- *Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the ROE, and any compensating controls.*
- *Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #53's financial statements as of June 30, 2021 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:JRB