



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**REGIONAL OFFICE OF EDUCATION #17**  
**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES**

**FINANCIAL AUDIT (In accordance with the Single  
Audit Act and OMB Circular A-133)  
For the Year Ended: June 30, 2011  
Release Date: May 17, 2012**

**Summary of Findings:**  
**Total this audit: 2**  
**Total last audit: 3**  
**Repeated from last audit: 2**

**SYNOPSIS**

- The Regional Office of Education #17 did not have sufficient internal controls over the financial reporting process.
- The Regional Office of Education #17 had inadequate internal controls over cash.

{Revenues and expenditures are summarized on the reverse page.}

**REGIONAL OFFICE OF EDUCATION #17**  
**DEWITT, LIVINGSTON, AND MCLEAN COUNTIES**

**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and OMB Circular A-133)**  
**For The Year Ended June 30, 2011**

	<b>FY 2011</b>	<b>FY 2010</b>
<b>TOTAL REVENUES</b>	\$6,753,464	\$7,180,724
Local Sources	\$2,491,113	\$2,562,208
% of Total Revenues	36.89%	35.68%
State Sources	\$3,436,857	\$3,678,700
% of Total Revenues	50.89%	51.23%
Federal Sources	\$825,494	\$939,816
% of Total Revenues	12.22%	13.09%
<b>TOTAL EXPENDITURES</b>	\$6,454,451	\$6,548,954
Salaries and Benefits	\$3,745,812	\$3,489,105
% of Total Expenditures	58.03%	53.28%
Purchased Services	\$1,708,965	\$2,550,223
% of Total Expenditures	26.48%	38.94%
All Other Expenditures	\$999,674	\$509,626
% of Total Expenditures	15.49%	7.78%
<b>TOTAL NET ASSETS</b>	\$3,091,382 <sup>1</sup>	\$2,970,333
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$441,443	\$508,323
<sup>1</sup> Includes a restatement of the FY 2010 beginning net asset balance to record adjustments totaling (\$177,964) to various ROE funds. Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Mark Jontry
Currently: Honorable Mark Jontry

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **CONTROLS OVER FINANCIAL STATEMENT PREPARATION**

**The Regional Office of Education #17 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #17 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The Regional Office of Education #17 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

During their review of the Regional Office's accounting records, auditors noted numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles. (Finding 11-1, pages 12-13)  
**This finding was first reported in 2007.**

The auditors recommended that, as part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #17 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

The Regional Office of Education #17 responded that it understands the nature of this finding and realizes that this circumstance is not unusual in an organization this size. The Regional Office will continue to seek qualified professional

accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation. The Regional Office noted that it will continue to provide training for staff in utilizing the full range of financial technology that currently exists. The Office will continue to utilize expert consultants to provide training in the preparation of financial statements. (For previous Regional Office response, see Digest Footnote #1.)

### **INADEQUATE INTERNAL CONTROLS OVER CASH**

**The Regional Office of Education #17 had inadequate internal controls over cash.**

Adequate internal controls over cash require all cash in the custody of the Regional Office be recorded in the general ledger and each month's bank statement be reconciled to the related general ledger account balance.

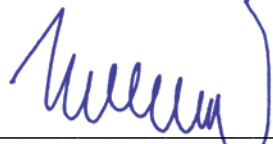
The Regional Office's ending adjusted general ledger balance for their operating cash account was not properly reconciled to the bank account. When balances are not reconciled, there is a risk of errors in the expenditures reported in the general ledger, and of misuse, or theft of funding. (Finding 11-2, page 14)

The auditors recommended that the Regional Office of Education #17's management should review each original bank reconciliation to the related general ledger account balances monthly to ensure the reconciliations are completed in a timely manner and that all reconciling items are reviewed with the appropriate follow up. The bookkeeper should reconcile all activity that takes place in the account and track reconciling items to ensure proper treatment.

The Regional Office of Education #17 responded that it has implemented protocols to ensure that the cash is recorded in the general ledger on a daily basis and that monthly reconciliation will be completed in a timely manner. The Regional Office also noted that new personnel have been employed and trained in implementing procedures to reconcile on a monthly basis.

## **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #17's financial statements as of June 30, 2011 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Winkel, Parker & Foster, CPA PC were our special assistant auditors.

## **DIGEST FOOTNOTES**

### **#1: Controls Over Financial Statement Preparation - Previous Regional Office Response**

In its prior response in 2010, the Regional Office of Education #17 responded that it understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office will continue to seek professional accounting expertise in developing procedures that will satisfy the pronouncements in financial statement preparation.

The Regional Office noted that it will continue to provide training for staff in utilizing the full range of financial technology that currently exists. The Office will continue to utilize expert consultants to provide training in the preparation of financial statements.