



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

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**REGIONAL OFFICE OF EDUCATION #3**  
**BOND, FAYETTE AND EFFINGHAM COUNTIES**

**FINANCIAL AUDIT For the Year Ended: June 30,  
2012**

**Release Date: March 13, 2013**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>2</b>
<b>Repeated from last audit:</b>	<b>1</b>

**SYNOPSIS**

- The Regional Office of Education #3 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #3**  
**BOND, FAYETTE AND EFFINGHAM COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2012**

	<b>FY 2012</b>	<b>FY 2011</b>
<b>TOTAL REVENUES</b>	\$1,790,065	\$2,551,194
Local Sources	\$509,116	\$527,356
% of Total Revenues	28.44%	20.67%
State Sources	\$1,070,456	\$1,330,103
% of Total Revenues	59.80%	52.14%
Federal Sources	\$210,493	\$693,735
% of Total Revenues	11.76%	27.19%
<b>TOTAL EXPENDITURES</b>	\$1,765,394	\$2,508,311
Salaries and Benefits	\$1,182,838	\$1,602,918
% of Total Expenditures	67.00%	63.90%
Purchased Services	\$441,586	\$543,364
% of Total Expenditures	25.01%	21.66%
All Other Expenditures	\$140,970	\$362,029
% of Total Expenditures	7.99%	14.43%
<b>TOTAL NET ASSETS</b>	\$951,765	\$927,094
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$38,603	\$36,394
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Mark Drone (Retired effective July 15, 2011) Honorable Julie Wollerman (Effective July 16, 2011)
Currently: Honorable Julie Wollerman

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #3 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #3 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 #3 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/review 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. In their review of the Regional Office's accounting records, auditors noted that:

- The Regional Office did not post prior year audit adjusting entries. This resulted in the Regional Office's fund balances rolling forward to fiscal year 2012 incorrectly.
- The Regional Office did not have adequate controls over the maintenance of complete records of cash, accounts receivable, capital assets, accrued expenses, or deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. Additionally, adequate training from the accounting software company is not available. (Finding 12-1, pages 11-12) **This finding was first reported in 2007.**

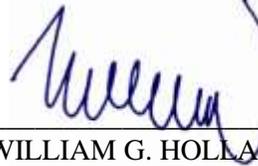
The auditors recommended that, as part of internal control over the preparation of its financial statements, including

disclosures, the Regional Office of Education #3 should implement a comprehensive preparation and/or review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such review 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 Superintendent responded that she understands this finding and continues to seek out support and services to correct it. The Regional Office noted that it is currently taking the finding under advisement with a local CPA firm. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #3's financial statements as of June 30, 2012 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:KJM

AUDITORS ASSIGNED: West & Company, LLC, were our special assistant auditors.

### **DIGEST FOOTNOTES**

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

In the prior response in 2011, the Regional Superintendent responded that she understands this finding and will pursue training for the local bookkeeping personnel in order to comply with GAAP.