



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 #22**  
**FULTON AND SCHUYLER COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2013**

**Release Date: April 15, 2014**

**Summary of Findings:**

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

**SYNOPSIS**

- The Regional Office of Education #22 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #22**  
**FULTON AND SCHUYLER COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2013**

	<b>FY 2013</b>	<b>FY 2012</b>
<b>TOTAL REVENUES</b>	\$905,101	\$920,689
Local Sources	\$212,464	\$227,325
% of Total Revenues	23.47%	24.69%
State Sources	\$669,213	\$674,806
% of Total Revenues	73.94%	73.29%
Federal Sources	\$23,424	\$18,558
% of Total Revenues	2.59%	2.02%
<b>TOTAL EXPENDITURES</b>	\$886,101	\$874,059
Salaries and Benefits	\$700,294	\$682,831
% of Total Expenditures	79.03%	78.12%
Purchased Services	\$132,559	\$139,646
% of Total Expenditures	14.96%	15.98%
All Other Expenditures	\$53,248	\$51,582
% of Total Expenditures	6.01%	5.90%
<b>TOTAL NET POSITION</b>	\$741,200	\$722,200
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$17,198	\$22,478
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable David Demler
Currently: Honorable David Demler

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #22 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #22 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, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The Regional Office of Education #22 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Regional Office maintains controls over the processing of most accounting transactions, there are not sufficient controls over the preparation of 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 review of the Regional Office of Education #22's financial information prepared by the Regional Office, auditors noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, no entries were provided to reconcile the Regional Office of Education #22's grant activity, such as posting grant receivables.

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. (Finding 2013-001, pages 11a-11b) **This finding was first reported in 2007.**

The auditors recommended that, as part of its internal control over the preparation of financial statements, the Regional Office of Education #22 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be

performed by a properly trained individual(s) possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #22's activities and operations.

The Regional Office of Education #22 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 noted that it accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #22's financial statements as of June 30, 2013 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Kemper CPA Group LLP were our special assistant auditors.

### **DIGEST FOOTNOTE**

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

In its prior response in 2012, the Regional Office of Education #22 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 noted that it accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.