



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES

FINANCIAL AUDIT (In Accordance with the Single
 Audit Act and OMB Circular A-133)
 For the Year Ended: June 30, 2014

Release Date: April 30, 2015

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2010	14-1		
Category 1:	0	1	1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(14-1)** The Regional Office of Education #32 did not have sufficient internal controls over the financial reporting process.

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.

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

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS/KANKAKEE COUNTIES

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2014

	FY 2014	FY 2013
TOTAL REVENUES	\$3,733,214	\$4,317,223
Local Sources	\$943,214	\$915,209
% of Total Revenues	25.27%	21.20%
State Sources	\$1,853,362	\$1,920,794
% of Total Revenues	49.65%	44.49%
Federal Sources	\$936,638	\$1,481,220
% of Total Revenues	25.09%	34.31%
TOTAL EXPENDITURES	\$3,546,283	\$4,136,667
Salaries and Benefits	\$2,544,515	\$2,841,506
% of Total Expenditures	71.75%	68.69%
Purchased Services	\$484,827	\$582,388
% of Total Expenditures	13.67%	14.08%
All Other Expenditures	\$516,941	\$712,773
% of Total Expenditures	14.58%	17.23%
TOTAL NET POSITION	\$3,920,053	\$3,733,122
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Gregg Murphy Currently: Honorable Gregg Murphy

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #32 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #32 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 #32 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on cash basis 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 were not sufficient controls over the preparation of the GAAP based financial statements and the Schedule of Expenditures of Federal Awards 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 #32's financial information prepared by the Regional Office of Education #32, the following was noted:

- 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 some accounts payable, accounts receivable, and unearned revenue, not all entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and unearned revenue.

According to Regional Office management, they did not have adequate funding to hire a certified public accountant or other qualified and trained financial professionals as full-time staff. (Finding 2014-001, pages 13a-13b) **This finding was first reported in 2010.**

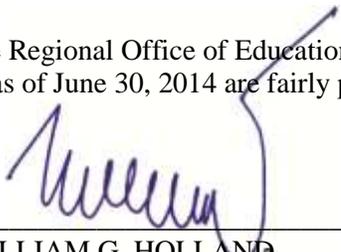
The auditors recommended that, as part of internal control over the preparation of financial statements, the Regional Office of Education #32 should implement comprehensive

preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #32's activities and operations.

The Regional Office of Education #32 responded that in an attempt to correct this finding, the Regional Office will send its fiscal staff to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP). (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #32's financial statements as of June 30, 2014 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:JRB

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 2013, the Regional Office of Education #32 responded that in an attempt to correct this finding, the Regional Office will send its fiscal staff to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).