

# REPORT DIGEST

REGIONAL OFFICE OF  
EDUCATION #49

ROCK ISLAND COUNTY

FINANCIAL AUDIT  
(In Accordance with the  
Single Audit Act and OMB  
Circular A-133)

For the Year Ended:  
June 30, 2009

### Summary of Findings:

Total this audit	1
Total last audit	6
Repeated from last audit	1

Release Date:  
July 15, 2010



State of Illinois  
Office of the Auditor General  
**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

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<http://www.auditor.illinois.gov>

## SYNOPSIS

- The Regional Office of Education #49 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #49**  
**ROCK ISLAND COUNTY**

**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and OMB Circular A-133)**  
**For The Year Ended June 30, 2009**

	<b>FY 2009</b>	<b>FY 2008</b>
<b>TOTAL REVENUES</b>	\$5,774,647	\$5,584,908
Local Sources	\$1,272,038	\$1,348,656
% of Total Revenues	22.03%	24.15%
State Sources	\$3,974,957	\$3,491,616
% of Total Revenues	68.83%	62.52%
Federal Sources	\$527,652	\$744,636
% of Total Revenues	9.14%	13.33%
<b>TOTAL EXPENDITURES</b>	\$6,061,679	\$5,596,041
Salaries and Benefits	\$2,271,283	\$1,929,834
% of Total Expenditures	37.47%	34.49%
Purchased Services	\$3,581,238	\$3,248,341
% of Total Expenditures	59.08%	58.05%
All Other Expenditures	\$209,158	\$417,866
% of Total Expenditures	3.45%	7.47%
<b>TOTAL NET ASSETS</b>	\$630,480	\$917,512
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$64,047	\$80,340
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Joseph Vermeire Currently: Honorable James Widdop, Jr.

**FINDINGS, CONCLUSIONS AND  
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

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**The Regional Office of Education #49 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #49 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 #49 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.

For example, auditors, in their review of the Regional Office accounting records noted that 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. (Finding 09-1, pages 13-14) **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 #49 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 #49 responded that it now has seven positions that have some direct review, contact and oversight of its financial statements. These individuals have and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas needed to have a sufficient set of internal controls of financial statement preparation. Continued oversight and opportunities to crosscheck will be investigated. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #49's financial statements as of June 30, 2009 are fairly presented in all material respects.

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WILLIAM G. HOLLAND, Auditor General

WGH:JRB

### **SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors were Winkel, Parker & Foster, CPA PC.

## **DIGEST FOOTNOTES**

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

In its prior response in 2008, the Regional Office of Education #49 responded that it had five positions that have some direct review, contact and oversight of its financial statements. These individuals will attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas needed to have a sufficient set of internal controls of financial statement preparation.