



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #13**  
**CLINTON/MARION/WASHINGTON COUNTIES**

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

Release Date: January 29, 2015

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

**SYNOPSIS**

- **(14-1)** The Regional Office of Education #13 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 #13**  
**CLINTON/MARION/WASHINGTON COUNTIES**

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

	<b>FY 2014</b>	<b>FY 2013</b>
<b>TOTAL REVENUES</b>	\$4,205,314	\$4,161,594
Local Sources	\$472,759	\$525,445
% of Total Revenues	11.24%	12.63%
State Sources	\$3,155,260	\$3,101,850
% of Total Revenues	75.03%	74.54%
Federal Sources	\$577,295	\$534,299
% of Total Revenues	13.73%	12.84%
<b>TOTAL EXPENDITURES</b>	\$4,415,655	\$4,315,433
Salaries and Benefits	\$3,593,373	\$3,437,327
% of Total Expenditures	81.38%	79.65%
Purchased Services	\$677,883	\$649,805
% of Total Expenditures	15.35%	15.06%
All Other Expenditures	\$144,399	\$228,301
% of Total Expenditures	3.27%	5.29%
<b>TOTAL NET POSITION</b>	\$1,016,873	\$1,227,214
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$26,787	\$19,958
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Keri Garrett
Currently: Honorable Keri Garrett

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #13 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #13 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 #13 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its 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 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 #13's financial information prepared by the Regional Office, auditors noted the following:

- To pay fiscal year 2014 bills received after year-end in order to submit final expenditure reports as opposed to recording accounts payable, the Regional Office backdated forty-eight (48) checks. This resulted in accounts payable and cash being understated by \$35,205.
- Cash that was received but not yet deposited was included in accounts receivable. This resulted in accounts receivable being overstated and cash being understated by \$30,059.
- The Illinois E-pay cash account was understated by \$6,735 in the financial records due to not recording monthly revenue. This resulted in an understatement of revenue in the Institute fund.

According to Regional Office management, they were uncertain of how to handle undeposited funds. They were unaware that backdating checks was not good business practice. Also, management reconciled all cash accounts, but all balances were not adjusted in the accounting software due to an oversight. (Finding 2014-001, pages 13-14)

The auditors recommended that, as part of internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #13 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should also include verifying that all bank reconciliations agree to the general ledger balances. 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 #13 responded that it understands that nature of this finding and realizes that this circumstance is not unusual in an entity 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.

#### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #13's financial statements as of June 30, 2014 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:JRB

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