



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #16**  
**DEKALB COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2015**

**Release Date: October 27, 2016**

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>	2007	15-1		
<b>Category 1:</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
FINDINGS LAST AUDIT: 1							

**SYNOPSIS**

- **(15-1)** The Regional Office of Education #16 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 #16**  
**DEKALB COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2015**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>TOTAL REVENUES</b>	\$1,091,733	\$1,019,581
Local Sources	\$100,066	\$155,841
% of Total Revenues	9.17%	15.28%
State Sources	\$946,133	\$845,544
% of Total Revenues	86.66%	82.93%
Federal Sources	\$45,534	\$18,196
% of Total Revenues	4.17%	1.78%
<b>TOTAL EXPENDITURES</b>	\$1,058,702	\$1,004,888
Salaries and Benefits	\$511,507	\$509,527
% of Total Expenditures	48.31%	50.70%
Purchased Services	\$404,303	\$382,313
% of Total Expenditures	38.19%	38.05%
All Other Expenditures	\$142,892	\$113,048
% of Total Expenditures	13.50%	11.25%
<b>TOTAL NET POSITION</b>	\$283,525	\$250,494
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$0
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Amanda Christensen Currently: Honorable Amanda Christensen

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #16 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #16 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office's 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 #16 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on a modified accrual basis of accounting during the fiscal year and posts the adjusting journal entries proposed by the auditor to convert financial statements from modified accrual to full accrual at year-end. While the Regional Office maintains controls over the processing of most accounting transactions and reviews revisions to the financial statements and notes proposed by the auditor, 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 #16's financial information prepared by the Regional Office, auditors noted the Regional Office did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office did maintain records to indicate the balance of financial statement accounts, numerous material audit adjustments were proposed in order to ensure those balances were accurate.

According to Regional Office management, they made year-end adjustments in order to maintain the financial statements on a modified accrual basis of accounting; however, they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP. (Finding 2015-001, pages 10-11) **This finding was first reported in 2007.**

The auditors recommended that, as part of internal control over the preparation of financial statements, the Regional Office of Education #16 should implement comprehensive preparation procedures to ensure that the financial statements,

including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

The Regional Office of Education #16 responded that journal entries from fiscal year 2015 need to be recorded and posted so it can act upon them prior to the close of fiscal year 2016. The current bookkeeper has been at the DeKalb ROE for the entire fiscal year 2016. The current bookkeeper understands the year-end procedures and will record the proper journal entries that need to be made to ensure the General Ledger balance is accurate. (For previous Regional Office response, see Digest Footnote #1 located at the end of the digest.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #16's financial statements as of June 30, 2015 are fairly presented in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:KJM

AUDITORS ASSIGNED: McGreal & Co., PC were our special assistant auditors.

### **DIGEST FOOTNOTE**

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

In its prior response in 2014, the Regional Office of Education #16 responded that as of December 2014, a new bookkeeper was hired who has implemented many new accounting procedures to ensure accuracy on the books. For example, the bookkeeper now maintains all checks and balances on a monthly basis to ensure all accounting transactions are coded correctly. The Regional Office noted that since January 2015, all current bank reconciliations have been balanced. Prior to balancing the bank reconciliations, all transactions for the month are reviewed to ensure coding accuracy. There is now a 3-person check and balance system in place which consists

of the Regional Superintendent, Assistant Superintendent, and bookkeeper. The Regional Office also stated that management is continually increasing knowledge and improving monitoring practices. Although the DeKalb ROE has stayed on cash basis, any transactions after the end of the fiscal year have been accrued to the correct fiscal year matching the grant income to the bookkeeping system.