



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN AND WILLIAMSON COUNTIES**

FINANCIAL AUDIT (In accordance with the Single  
 Audit Act and OMB Circular A-133)  
 For the Year Ended: June 30, 2015

Release Date: April 14, 2016

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since
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: 2				

**SYNOPSIS**

- **(15-1)** The Regional Office of Education #21 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 #21**  
**FRANKLIN AND WILLIAMSON COUNTIES**

**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and OMB Circular A-133)**  
**For The Year Ended June 30, 2015**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>TOTAL REVENUES</b>	\$3,345,163	\$3,214,114
Local Sources	\$516,024	\$672,622
% of Total Revenues	15.43%	20.93%
State Sources	\$1,618,478	\$1,537,392
% of Total Revenues	48.38%	47.83%
Federal Sources	\$1,210,661	\$1,004,100
% of Total Revenues	36.19%	31.24%
<b>TOTAL EXPENDITURES</b>	\$3,535,300	\$3,422,971
Salaries and Benefits	\$2,475,580	\$2,357,647
% of Total Expenditures	70.02%	68.88%
Purchased Services	\$520,769	\$570,234
% of Total Expenditures	14.73%	16.66%
All Other Expenditures	\$538,951	\$495,090
% of Total Expenditures	15.24%	14.46%
<b>TOTAL NET POSITION</b>	\$(237,294) <sup>1</sup>	\$462,751
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$34,300	\$64,088
<sup>1</sup> The FY 2015 beginning net position was restated by (\$509,908) due to a prior period adjustment for new reporting requirements for pensions. Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable R. Matthew Donkin Currently: Honorable R. Matthew Donkin

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #21 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #21 is required to maintain a system of internal 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 basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The Regional Office of Education #21 did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The Regional Office maintains its accounting records on cash basis of accounting during the fiscal year and posts year-end accrual and other applicable 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 GAAP basis 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.

Through inquiries and discussions with the Regional Office's accounting personnel and Regional Superintendent, auditors noted that the Regional Office did not have adequate controls to record and report the Regional Office's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

According to Regional Office of Education #21 officials, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the Regional Office can fully implement the requirements on its own. (Finding 2015-001, pages 13a-13b)

The auditors recommended that as part of internal control over the preparation of financial statements, the Regional Office 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 the

applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

The Regional Office of Education #21 responded that as audit standards continue to shift rapidly, the Regional Office will monitor and identify trainings in order for its current staff to have the most up-to-date training and be able to perform the newest audit standards.

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #21's financial statements as of June 30, 2015 are fairly stated in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:KJM

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