



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #31
KANE COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2014

Release Date: January 29, 2015

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	1	1	2010	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 #31 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 #31
KANE COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2014

	FY 2014	FY 2013
TOTAL REVENUES	\$4,249,261	\$4,279,758
Local Sources	\$1,037,875	\$954,713
% of Total Revenues	24.42%	22.31%
State Sources	\$3,036,695	\$2,542,359
% of Total Revenues	71.46%	59.40%
Federal Sources	\$174,691	\$782,686
% of Total Revenues	4.11%	18.29%
TOTAL EXPENDITURES	\$4,004,402	\$3,568,168
Salaries and Benefits	\$2,213,629	\$2,367,890
% of Total Expenditures	55.28%	66.36%
Purchased Services	\$973,426	\$838,658
% of Total Expenditures	24.31%	23.50%
All Other Expenditures	\$817,347	\$361,620
% of Total Expenditures	20.41%	10.13%
TOTAL NET POSITION	\$7,036,920	\$6,792,061
INVESTMENT IN CAPITAL ASSETS	\$73,338 ¹	\$18,837 ¹
¹ Capital asset amounts include debt associated with a capital lease. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Patricia Dal Santo Currently: Honorable Patricia Dal Santo

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #31 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #31 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 #31 did not have sufficient internal controls over the financial reporting process. 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 for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #31's financial information prepared by the Regional Office, auditors noted that the Regional Office did not have adequate controls over the maintenance of records of cash, accounts receivable, accounts payable, and unavailable revenue. While the Regional Office did maintain records to indicate the balances of cash, accounts receivable, accounts payable, and unavailable revenue, material audit adjustments were proposed in order to ensure financial statement balances were materially accurate.

Regional Office of Education #31 management did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP in a timely manner. (Finding 2014-001, pages 11-12)
This finding was first reported in 2010.

The auditors recommended that, as part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #31 should implement a comprehensive preparation and/or review procedure 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 applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office's activities and operations.

The Regional Office of Education #31 responded that the Business Office will provide to the Superintendent and Cabinet members regular and timely financial reports. These reports include but are not limited to grant reporting, bank reconciliations, monthly financial reporting, expense comparisons, and any other report needed for discussion of the Regional Office's financial well-being. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #31's financial statements as of June 30, 2014 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Winkel, Parker & Foster, CPA PC 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 #31 responded that the Business Office will provide to the Superintendent and Cabinet members regular and timely financial reports. These reports include but are not limited to grant reporting, bank reconciliations, monthly financial reporting, expense comparisons, and any other report needed for discussion of the Regional Office's financial well-being.