



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #40**  
**CALHOUN/GREENE/JERSEY/MACOU PIN COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2014**

**Release Date: June 23, 2015**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2007	14-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
FINDINGS LAST AUDIT: 2							

**SYNOPSIS**

- **(14-1)** The Regional Office of Education #40 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 #40**  
**CALHOUN/GREENE/JERSEY/MACOU PIN COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2014**

	<b>FY 2014</b>	<b>FY 2013</b>
<b>TOTAL REVENUES</b>	\$1,179,784	\$1,072,647
Local Sources	\$285,251	\$259,283
% of Total Revenues	24.18%	24.17%
State Sources	\$856,763	\$777,656
% of Total Revenues	72.62%	72.50%
Federal Sources	\$37,770	\$35,708
% of Total Revenues	3.20%	3.33%
<b>TOTAL EXPENDITURES</b>	\$1,409,667	\$1,222,425
Salaries and Benefits	\$1,059,802	\$924,715
% of Total Expenditures	75.18%	75.65%
Purchased Services	\$241,660	\$224,368
% of Total Expenditures	17.14%	18.35%
All Other Expenditures	\$108,205	\$73,342
% of Total Expenditures	7.68%	6.00%
<b>TOTAL NET POSITION</b>	\$113,023	\$342,906
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$39,746	\$32,817
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Larry D. Pfeiffer Currently: Honorable Larry D. Pfeiffer

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #40 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #40 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). A 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 #40 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual 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 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.

During review of the Regional Office of Education #40's financial information prepared by the Regional Office of Education #40, the auditors noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to post grant receivables. Audit entries were also proposed to adjust fund balances to actual, to reclassify capital outlay expenditures to the appropriate financial statement expenditure classification, and to correct interfund transfer entries.

According to Regional Office of Education #40 management, they did not have adequate funding to hire a certified public accountant or other financial professionals with the appropriate training and expertise as full-time staff. (Finding 2014-001, pages 11a-11b) **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 #40 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 applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #40's activities and operations.

The Regional Office of Education #40 responded that at this time, the Regional Office cannot afford to hire an individual to assist with financial statement preparation; however, fiscal personnel of the Regional Office will strive to do their best to prepare the financial statements in accordance with GAAP. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #40'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: Kemper CPA Group LLP 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 #40 responded that at this time, the Regional Office cannot afford to hire an accountant to assist with financial statement preparation; however, fiscal personnel of the Regional Office will strive to do their best to prepare the financial statements in accordance with GAAP.