



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**REGIONAL OFFICE OF EDUCATION #41**  
**MADISON COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2013**

**Release Date: July 10, 2014**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>3</b>
<b>Repeated from last audit:</b>	<b>0</b>

**SYNOPSIS**

- The Regional Office of Education #41 had deposits at a financial institution that exceeded FDIC coverage and did not timely deposit 2 of 40 cash receipts tested.

{Revenues and expenditures are summarized on the reverse page.}

**REGIONAL OFFICE OF EDUCATION #41**  
**MADISON COUNTY**

**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2013**

	<b>FY 2013</b>	<b>FY 2012</b>
<b>TOTAL REVENUES</b>	\$3,214,682	\$4,302,284
Local Sources	\$1,744,088	\$2,243,289
% of Total Revenues	54.25%	52.14%
State Sources	\$1,235,039	\$1,401,987
% of Total Revenues	38.42%	32.59%
Federal Sources	\$235,555	\$657,008
% of Total Revenues	7.33%	15.27%
<b>TOTAL EXPENDITURES</b>	\$3,853,994	\$4,593,137
Salaries and Benefits	\$3,087,505	\$2,988,391
% of Total Expenditures	80.11%	65.06%
Purchased Services	\$477,109	\$1,272,544
% of Total Expenditures	12.38%	27.71%
All Other Expenditures	\$289,380	\$332,202
% of Total Expenditures	7.51%	7.23%
<b>TOTAL NET POSITION</b>	\$1,658,190	\$2,297,502
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$46,216	\$90,121
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Robert Daiber Currently: Honorable Robert Daiber

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **CONTROLS OVER DEPOSITS AND RECEIPTS**

- **The Regional Office of Education #41 had deposits at a financial institution that exceeded FDIC coverage and did not timely deposit 2 of 40 cash receipts tested.**

The Public Funds Deposit Act (Act) (30 ILCS 225/1) gives the authorization for deposits in excess of the federally insured limit to be covered by pledged collateral held by the financial institutions' trust departments in the Regional Office of Education #41's name.

The Act also states that any treasurer or other custodian of public funds may deposit such funds in a savings and loan association, savings bank or State or national bank in the State. When such deposits become collected funds and are not needed for immediate disbursement, they shall be invested within 2 working days at prevailing rates or better.

In addition, prudent business practice requires that receipts be promptly deposited in the bank and all cash and investments held by financial institutions for the ROE #41 be adequately covered by depository insurance or collateral.

During review of the Regional Office of Education #41's deposits and cash receipts, auditors noted the following:

- As of June 30, 2013, cash account balances of six accounts with one bank totaled \$712,291. The Federal Deposit Insurance Corporation covers up to a maximum of \$250,000. Additional collateral totaling \$428,774 was received as of June 30, 2013. No additional collateral was obtained for the balance of \$33,517.
- Two of 40 (5%) receipts, totaling \$26,010, were not deposited timely. These checks were deposited 5 to 14 days after receipt.

According to the Regional Office of Education #41 management, inadequate collateral at fiscal year end and untimely deposit of receipts were due to oversight. (Finding 2013-001, pages 11-12)

The auditors recommended that the Regional Office of Education #41 should establish controls for confirming amounts pledged by the financial institution to ensure that all deposits are adequately secured by collateral. The Regional Office should ensure that receipts are deposited promptly by developing a formal deposit policy, which defines the maximum amounts to be held for deposit and minimizes the time elapsed between the receipt of the funds and the deposit of the items.

The Regional Office of Education #42 management responded that it agrees with the finding. Additional monitoring procedures are being performed to ensure adequacy of required collateral coverage on bank deposits. The ROE stated that it also implemented changes in the billing/collection process to ensure that receipts are deposited in a timely fashion to the bank.

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #41's financial statements as of June 30, 2013 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:JRB

AUDITORS ASSIGNED: E.C. Ortiz & Co., LLP were our special assistant auditors.