



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #43**  
**MARSHALL/PUTNAM/WOODFORD COUNTIES**

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

**Release Date: April 30, 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: 1							

**SYNOPSIS**

- **(14-1)** The Regional Office of Education #43 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 #43**  
**MARSHALL/PUTNAM/WOODFORD COUNTIES**

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

	<b>FY 2014</b>	<b>FY 2013</b>
<b>TOTAL REVENUES</b>	\$761,024	\$724,324
Local Sources	\$119,958	\$143,996
% of Total Revenues	15.76%	19.88%
State Sources	\$575,132	\$565,521
% of Total Revenues	75.57%	78.08%
Federal Sources	\$65,934	\$14,807
% of Total Revenues	8.66%	2.04%
<b>TOTAL EXPENDITURES</b>	\$805,678	\$741,205
Salaries and Benefits	\$645,490	\$611,438
% of Total Expenditures	80.12%	82.49%
Purchased Services	\$112,775	\$84,989
% of Total Expenditures	14.00%	11.47%
All Other Expenditures	\$47,413	\$44,778
% of Total Expenditures	5.88%	6.04%
<b>TOTAL NET POSITION</b>	\$362,957	\$407,611
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$0	\$0
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Phyllis Glazier Currently: Honorable Kathryn Marshall (Effective March 1, 2015)

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

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

**The Regional Office of Education #43 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #43 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 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting during the fiscal year. While the Regional Office maintains controls over the processing of most accounting transactions, 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's financial information, auditors noted there were not 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 reconcile the Regional Office of Education #43's grant activity, such as posting grant receivables and unearned revenue.

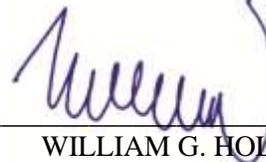
According to the Regional Office of Education #43 management, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP. (Finding 2014-001, pages 11-12) **This 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 #43 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(s) possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #43's activities and operations.

The Regional Office of Education #43 responded that while it understands the nature of this finding, the office unfortunately does not have sufficient funds for hiring a person who has the knowledge and understanding of generally accepted accounting principles (GAAP) and GASB pronouncements that are needed to produce financial statements with disclosures, and possesses a thorough understanding of the ROE's operations and activities. The Regional Office stated that as it stands, it accepts the degree of risk associated with this condition as this circumstance is very common in organizations that are similar in size. The Regional Office noted that in an attempt to improve this situation, the ROE will make a point to send the bookkeeper to any State trainings that could help her better understand accrual basis accounting and reporting under GAAP. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #43's financial statements as of June 30, 2014 are fairly presented in all material respects.



---

WILLIAM G. HOLLAND  
Auditor General

WGH:JRB

AUDITORS ASSIGNED: Sulaski & Webb, CPAs 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 #43 responded that it understands the nature of this finding. The Regional Office noted that it does not have adequate funds to hire a person who possesses both a thorough understanding of the ROE's operations and activities as well as the knowledge and understanding of generally accepted accounting principles (GAAP) and GASB pronouncements that are needed to produce financial statements with disclosures. The ROE also stated that as it stands the Regional Office accepts the degree of risk associated with this condition as this circumstance is very common in organizations that are similar in size. In an attempt to improve this situation, the ROE will make a point to send staff to any State trainings that could help their employees better understand accrual basis accounting and reporting under GAAP.