



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #47
LEE AND OGLE COUNTIES

**FINANCIAL AUDIT (In Accordance with the Single
Audit Act and OMB Circular A-133)
For the Year Ended: June 30, 2013
Release Date: July 10, 2014**

Summary of Findings:
Total this audit: 1
Total last audit: 2
Repeated from last audit: 1

SYNOPSIS

- The Regional Office of Education #47 did not have sufficient internal controls over the financial reporting process.

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

REGIONAL OFFICE OF EDUCATION #47
LEE AND OGLE COUNTIES

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2013

	FY 2013	FY 2012
TOTAL REVENUES	\$4,062,402	\$3,571,838
Local Sources	\$471,416	\$453,794
% of Total Revenues	11.60%	12.70%
State Sources	\$1,501,924	\$1,599,039
% of Total Revenues	36.97%	44.77%
Federal Sources	\$2,089,062	\$1,519,005
% of Total Revenues	51.42%	42.53%
TOTAL EXPENDITURES	\$4,105,566	\$3,428,899
Salaries and Benefits	\$1,776,153	\$1,541,987
% of Total Expenditures	43.26%	44.97%
Purchased Services	\$654,869	\$567,159
% of Total Expenditures	15.95%	16.54%
All Other Expenditures	\$1,674,544	\$1,319,753
% of Total Expenditures	40.79%	38.49%
TOTAL NET POSITION	\$796,102	\$839,266
INVESTMENT IN CAPITAL ASSETS	\$64,296	\$92,864
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Amy Jo Clemens Currently: Honorable Paul McMahon (Effective August 16, 2013)

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #47 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #47 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 #47 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 are 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 #47's financial information prepared by the Regional Office of Education #47, it was noted that the Regional Office did not have adequate controls over the maintenance of records of due from other governments, accounts payable and due to other governments. While the Regional Office did maintain records to indicate the balances due from other governments, accounts payable and due to other governments, audit adjustments were proposed in order to ensure financial statement balances were accurate.

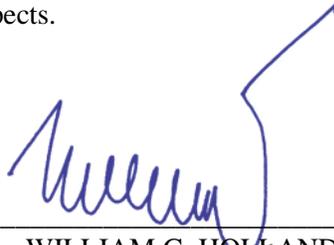
Management did not effectively detect all of the adjustments needed in order to present financial statements in accordance with GAAP. (Finding 2013-001, pages 13-14) **This finding was first reported in 2009.**

The auditors recommended that, as part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #47 should implement comprehensive preparation procedures 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 of Education #47's activities and operations.

The Regional Office of Education #47 responded that as part of its internal control over the preparation of its financial statements, the Regional Office has implemented a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate on a monthly basis. The Regional Superintendent will continue to review all financial statements (including accruals) striving to be as accurate as possible, hoping to eliminate this finding in the future. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #47's financial statements as of June 30, 2013 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:JRB

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 2012, the Regional Office of Education #47 responded that as part of its internal control over the preparation of its financial statements, the Regional Office has implemented a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate on a monthly basis. The Regional Superintendent will continue to review all financial statements (including accruals) striving to be as accurate as possible, hoping to eliminate this finding in the future.