



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #49
ROCK ISLAND COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2018

Release Date:
May 9, 2019

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2007	18-1		
Category 1:	0	1	1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(18-1)** The Regional Office of Education #49 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 #49
ROCK ISLAND COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2018

	FY 2018	FY 2017
TOTAL REVENUES	\$4,694,491	\$4,193,254
Local Sources	\$420,540	\$415,242
% of Total Revenues	8.96%	9.90%
State Sources	\$3,632,699	\$3,041,582
% of Total Revenues	77.38%	72.54%
Federal Sources	\$641,252	\$736,430
% of Total Revenues	13.66%	17.56%
TOTAL EXPENDITURES	\$4,465,447	\$3,987,369
Salaries and Benefits	\$1,886,994	\$1,830,109
% of Total Expenditures	42.26%	45.90%
Purchased Services	\$1,671,371	\$1,226,182
% of Total Expenditures	37.43%	30.75%
All Other Expenditures	\$907,082	\$931,078
% of Total Expenditures	20.31%	23.35%
TOTAL NET POSITION	\$(142,053) ¹	\$237,781
INVESTMENT IN CAPITAL ASSETS	\$50,227	\$48,807
¹ The FY 2018 beginning net position was restated by (\$608,878) due to a prior period adjustment for new reporting requirements for other postemployment benefits. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Tammy Muerhoff Currently: Honorable Tammy Muerhoff

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #49 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #49 (ROE) did not have sufficient internal controls over the financial reporting process. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of the generally accepted accounting principles (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.

The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with GAAP. The ROE'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).

During review of the Regional Office's financial information prepared by the ROE, it was noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, material audit adjustments were proposed in order to ensure those balances were accurate.

According to Regional Office management, they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP. (Finding 18-001, 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, including disclosures, the ROE 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 GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

ROE Response: *The ROE has four positions which have some form of direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas*

necessary in order to obtain a sufficient set of internal controls over financial statement preparation. There will be continued oversight and direct review of the financial statements of the ROE. The ROE has also contracted with an auditing firm to provide assistance with the preparation of financial statements in order to review and provide additional oversight to ensure the utmost level of accuracy and comprehensive financial statement preparation.

Prior Year ROE Response: *The ROE has four positions which have some form of direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas necessary in order to obtain a sufficient set of internal controls over financial statement preparation. There will be continued oversight and direct review of the financial statements of the ROE. Opportunities to review and provide additional oversight will be pursued to ensure the utmost level of monitoring of all financial assets.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #49's financial statements as of June 30, 2018 are fairly presented in all material respects.

This financial audit was conducted by the firm of Winkel, Parker & Foster, CPA PC.

SIGNED ORIGINAL ON FILE

KELLY MITTELSTAEDT
Audit Manager

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JRB