



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #53
MASON, TAZEWELL, AND WOODFORD COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2017

Release Date: May 3, 2018

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>	2016	17-1		
Category 1:	0	1	1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(17-1)** The Regional Office of Education #53 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 #53
MASON, TAZEWELL, AND WOODFORD COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2017

	FY 2017	FY 2016
TOTAL REVENUES	\$1,537,294	\$1,500,827
Local Sources	\$458,381	\$422,827
% of Total Revenues	29.82%	28.17%
State Sources	\$1,044,473	\$1,032,970
% of Total Revenues	67.94%	68.83%
Federal Sources	\$34,440	\$45,030
% of Total Revenues	2.24%	3.00%
TOTAL EXPENDITURES	\$833,621	\$430,201
Salaries and Benefits	\$673,210	\$220,369
% of Total Expenditures	80.76%	51.22%
Purchased Services	\$138,477	\$175,974
% of Total Expenditures	16.61%	40.91%
All Other Expenditures	\$21,934	\$33,858
% of Total Expenditures	2.63%	7.87%
TOTAL NET POSITION	\$3,902,785	\$3,199,112
INVESTMENT IN CAPITAL ASSETS	\$3,119	\$8,717
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Patrick Durley Currently: Honorable Patrick Durley

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #53 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #53 (ROE) did not have sufficient internal controls over the financial reporting process in order to record and present the pension information correctly. The ROE maintained its accounting records on a cash basis during the fiscal year and posted year-end accrual and other applicable entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions and prepared its financial statements, there were not sufficient controls over the preparation of 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 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 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).

Through inquiries and discussions with the ROE's accounting personnel and the Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

According to Regional Office officials, the complex requirements of GASB Statements No. 68 and No. 71 will require additional time and training before the ROE can fully implement the requirements on its own. (Finding 2017-001, pages 11a-11b)

The auditors recommended that as part of its internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

ROE Response: *The ROE has taken steps to properly record financial transactions and follow GAAP. In regards to the standards related to financial reporting for pensions, we will*

review internal controls and determine what can be done within agency resources to mitigate or eliminate this internal control deficiency.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #53's financial statements as of June 30, 2017 are fairly presented in all material respects.

This financial report was conducted by the firm of Kemper CPA Group LLP.

SIGNED ORIGINAL ON FILE

AMEEN DADA
Division Director

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