



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION # 54
VERMILION COUNTY

FINANCIAL AUDIT
 For the Year Ended: June 30, 2016

Release Date: February 16, 2017

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2010	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 0	<u>Repeat</u> 1	<u>Total</u> 1	16-1			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(16-1)** The Regional Office of Education #54 did not have sufficient internal controls over the financial reporting process.

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

<p>Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).</p> <p>Category 2: Findings that are significant deficiencies in internal control and/or noncompliance with State laws and regulations.</p> <p>Category 3: Findings that have no internal control issues but are in noncompliance with federal and/or State laws and regulations.</p>

REGIONAL OFFICE OF EDUCATION # 54
VERMILION COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2016

	FY 2016	FY 2015
TOTAL REVENUES	\$813,672	\$773,519
Local Sources	\$128,419	\$116,253
% of Total Revenues	15.78%	15.03%
State Sources	\$578,824	\$522,662
% of Total Revenues	71.14%	67.57%
Federal Sources	\$106,429	\$134,604
% of Total Revenues	13.08%	17.40%
TOTAL EXPENDITURES	\$792,298	\$764,207
Salaries and Benefits	\$391,014	\$369,210
% of Total Expenditures	49.35%	48.31%
Purchased Services	\$41,959	\$44,690
% of Total Expenditures	5.30%	5.85%
All Other Expenditures	\$359,325	\$350,307
% of Total Expenditures	45.35%	45.84%
TOTAL NET POSITION	\$216,730	\$195,356
INVESTMENT IN CAPITAL ASSETS	\$42	\$1,453
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Cheryl Reifsteck Currently: Honorable Cheryl Reifsteck

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #54 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #54 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 #54 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 and posts year-end accrual entries for financial statement purposes. 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 financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #54's financial information prepared by the Regional Office of Education #54, the auditors noted the Regional Office's financial information required material adjusting entries to cash, due to other governments, revenue, and expenses in order to present its financial statements in accordance with generally accepted accounting principles.

According to Regional Office management, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. (Finding 2016-001, pages 10-11) **This finding was first reported in 2010.**

The auditors recommended that as part of internal control over the preparation of financial statements, the Regional Office of Education #54 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 applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #54's activities and operations.

The Regional Office of Education #54 responded that it accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region. (For previous Regional Office response, see Digest Footnote #1 below.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #54's financial statements as of June 30, 2016 are fairly presented in all material respects.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:CSW

AUDITORS ASSIGNED: West & Company, LLP were our special assistant auditors.

DIGEST FOOTNOTES

#1: CONTROLS OVER FINANCIAL STATEMENT PREPARATION—Previous Regional Office Response

In its prior response in 2015, the Regional Office of Education #54 responded that it accepts the degree of risk associated with this condition because the additional expense to seek outside accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.