



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #16
DEKALB COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2016

Release Date: August 22, 2017

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2007	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 #16 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 #16
DEKALB COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2016

	FY 2016	FY 2015
TOTAL REVENUES	\$1,204,235	\$1,091,733
Local Sources	\$267,498	\$100,066
% of Total Revenues	22.21%	9.17%
State Sources	\$910,341	\$946,133
% of Total Revenues	75.60%	86.66%
Federal Sources	\$26,396	\$45,534
% of Total Revenues	2.19%	4.17%
TOTAL EXPENDITURES	\$1,170,221	\$1,058,702
Salaries and Benefits	\$566,675	\$511,507
% of Total Expenditures	48.42%	48.31%
Purchased Services	\$424,221	\$404,303
% of Total Expenditures	36.25%	38.19%
All Other Expenditures	\$179,325	\$142,892
% of Total Expenditures	15.32%	13.50%
TOTAL NET POSITION	\$317,539	\$283,525
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Amanda Christensen Currently: Honorable Amanda Christensen

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #16 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #16 (ROE) 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 ROE did not have sufficient internal controls over the financial reporting process. The ROE maintains its accounting records on the modified accrual basis of accounting during the fiscal year and prepares adjusting journal entries at year-end to convert the financial statements to the accrual basis of accounting. While the ROE maintains controls over the processing of most accounting transactions and reviews revisions to the financial statements and notes proposed by the auditor, 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 financial information prepared by the ROE, auditors noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balance of financial statement accounts, numerous material audit adjustments were proposed in order to ensure those balances were accurate.

According to ROE management, they made year-end adjustments in order to maintain the financial statements on a modified accrual basis of accounting; however, they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP. (Finding 2016-001, pages 10-11) **This finding was first reported in 2007.**

The auditors recommended that, as part of internal control over the preparation of financial statements, the ROE should implement comprehensive 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 the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

The ROE responded that it received the audit report for FY15 in October 2016 after the close of FY16. FY15 adjusting journal entries were made in September 2016. To date, all journals entries have been made to FY15 that needed to be made. None are expected for FY16. (For previous Regional Office response, see Digest Footnote #1 located at the end of the digest.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #16's financial statements as of June 30, 2016 are fairly presented in all material respects.

This financial report was conducted by the firm of McGreal & Co., PC.

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:KJM

DIGEST FOOTNOTE

#1: Controls Over Financial Statement Preparation - Previous Regional Office Response

In its prior response in 2015, the ROE responded that journal entries from fiscal year 2015 need to be recorded and posted so it can act upon them prior to the close of fiscal year 2016. The current bookkeeper has been at the DeKalb ROE for the entire fiscal year 2016. The current bookkeeper understands the year-end procedures and will record the proper journal entries that need to be made to ensure the General Ledger balance is accurate