

# REPORT DIGEST

REGIONAL OFFICE OF  
EDUCATION #20

EDWARDS/GALLATIN/  
HARDIN/POPE/SALINE/  
WABASH/WAYNE/WHITE  
COUNTIES

FINANCIAL AUDIT  
(In Accordance with the  
Single Audit Act and OMB  
Circular A-133)

For the Year Ended:  
June 30, 2009

## Summary of Findings:

Total this audit	2
Total last audit	0
Repeated from last audit	0

Release Date:  
March 25, 2010



State of Illinois  
Office of the Auditor General  
**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

To obtain a copy of the Report contact:  
Office of the Auditor General  
Iles Park Plaza  
740 E. Ash Street  
Springfield, IL 62703  
(217) 782-6046 or TTY (888) 261-2887

This Report Digest and Full Report are  
also available on  
the worldwide web at  
<http://www.auditor.illinois.gov>

## SYNOPSIS

- The Regional Office of Education #20 did not have sufficient internal controls over disbursements and receipts.
- The Regional Office of Education #20 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #20**  
**EDWARDS, GALLATIN, HARDIN, POPE, SALINE, WABASH, WAYNE AND**  
**WHITE COUNTIES**

**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and OMB Circular A-133)**  
**For The Year Ended June 30, 2009**

	<b>FY 2009</b>	<b>FY 2008</b>
<b>TOTAL REVENUES</b>	\$2,683,922	\$2,653,187
Local Sources	\$499,235	\$464,953
% of Total Revenues	18.60%	17.52%
State Sources	\$1,640,566	\$1,717,486
% of Total Revenues	61.13%	64.73%
Federal Sources	\$544,121	\$470,748
% of Total Revenues	20.27%	17.74%
<b>TOTAL EXPENDITURES</b>	\$2,869,618	\$2,710,446
Salaries and Benefits	\$2,025,821	\$1,883,613
% of Total Expenditures	70.60%	69.49%
Purchased Services	\$664,646	\$608,882
% of Total Expenditures	23.16%	22.46%
All Other Expenditures	\$179,151	\$217,951
% of Total Expenditures	6.24%	8.04%
<b>TOTAL NET ASSETS</b>	\$277,411	\$463,107
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$61,301	\$74,159
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Lawrence Fillingim Currently: Honorable Lawrence Fillingim

**FINDINGS, CONCLUSIONS AND  
RECOMMENDATIONS**

**INTERNAL CONTROL OVER DISBURSEMENTS  
AND RECEIPTS**

---

**The Regional Office of Education #20 did not have sufficient internal controls over disbursements and receipts.**

The Regional Office of Education #20 did not have sufficient internal controls over disbursements and receipts. The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over disbursements and receipts to prevent errors and fraud.

During testing of internal controls, auditors noted that the Regional Superintendent did not review bank reconciliations once they are completed. Lack of proper review of the various accounting processes could result in unintentional or intentional errors or misappropriations of assets, in which the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties. (Finding 09-1, page 12a)

Auditors recommended that as part of its internal control over disbursements and receipts, the Regional Superintendent should receive the bank statements unopened, review them, and also review the bank reconciliations once they have been completed.

The Regional Office of Education #20 responded that management now opens the bank statements and reviews them before the accounting staff prepares the bank reconciliations. Management also reviews all bank reconciliations monthly and initials all bank statements and bank reconciliations to confirm that they have been reviewed.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

---

**The Regional Office of Education #20 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #20 did not have sufficient internal controls over the financial reporting process. The Regional Office of Education #20 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

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. For example, auditors, in their review of the Regional Office's accounting records noted numerous adjusting entries were required to present the financial statements in accordance with generally accepted accounting principles.

The Regional Office has not developed proper internal control procedures over the performance of assigned functions to prevent or detect financial statement misstatements in a timely manner. (Finding 09-2, page 12b)

The auditors recommended that, as part of its internal control over the financial reporting, the Regional Office of Education #20 should implement procedures to ensure that the financial statements are completed in a timely manner.

The Regional Office of Education #20 responded that management will assign another existing staff person to assist with certain fiscal responsibilities and with the implementation of a new monthly accounting schedule, accounting personnel should be able to be current in the processing of financial statements.

## **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #20's financial statements as of June 30, 2009 are fairly presented in all material respects.

---

WILLIAM G. HOLLAND, Auditor General

WGH:JRB

**SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors were Kemper CPA Group, LLC.