



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #30
JACKSON AND PERRY COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2012

Release Date: July 11, 2013

Summary of Findings:

Total this audit:	3
Total last audit:	1
Repeated from last audit:	1

SYNOPSIS

- The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process.
- The Regional Office of Education #30 did not have adequate review of journal entries.
- The Regional Office of Education #30 did not segregate cash and fund balances.

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

REGIONAL OFFICE OF EDUCATION #30
JACKSON AND PERRY COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2012

	FY 2012	FY 2011
TOTAL REVENUES	\$1,399,867	\$1,392,462
Local Sources	\$501,213	\$321,317
% of Total Revenues	35.80%	23.08%
State Sources	\$778,341	\$818,941
% of Total Revenues	55.60%	58.81%
Federal Sources	\$120,313	\$252,204
% of Total Revenues	8.59%	18.11%
TOTAL EXPENDITURES	\$1,443,227	\$1,417,484
Salaries and Benefits	\$987,784	\$940,603
% of Total Expenditures	68.44%	66.36%
Purchased Services	\$310,171	\$299,400
% of Total Expenditures	21.49%	21.12%
All Other Expenditures	\$145,272	\$177,481
% of Total Expenditures	10.07%	12.52%
TOTAL NET ASSETS	\$466,632	\$509,992
INVESTMENT IN CAPITAL ASSETS	\$63,003	\$68,792
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Donna Boros Currently: Honorable Donna Boros

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #30 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting. 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.

In their review of the Regional Office's accounting records, auditors noted that the Regional Office's financial information required material adjusting entries to present the financial statements in accordance with generally accepted accounting principles. According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. (Finding 12-01, pages 11-12) **This finding was first reported in 2007.**

The auditors recommended that, as part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #30 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

The Regional Office of Education #30 responded that as a result of the previous audit findings, it sought the cooperation of the Jackson County Board to access services of the Jackson County Administrative Assistant who is a degreed accountant

to assist with preparation and review. In addition, the ROE initiated the implementation of the County accounting software program. The Regional Office stated that transferring its accounts to this system has been much more difficult than any of the parties involved in the audit anticipated. There were many serious technical problems that caused untimely delays. The Regional Office noted that they are working with the County to rectify these issues. It will continue to make every effort to ensure that the financial statements are complete and accurate. (For previous Regional Office response, see Digest Footnote #1.)

INADEQUATE REVIEW OF JOURNAL ENTRIES

The Regional Office of Education #30 did not have adequate review of journal entries.

The Regional Office of Education #30 is responsible for establishing and maintaining an internal control system over journal entries to prevent errors or fraud. In addition, adequate controls over compliance with laws, regulations, and grant agreements require supervisory review of expenditures charged to grant programs.

The Regional Superintendent did not sign off her approval for all journal entries. Unallowable costs could be charged to grant program expenditures or errors in calculating allocations could be made and not be detected within a reasonable period of time. According to the Regional Superintendent, while she discussed journal entries with the office manager and verbally approved them, there was no documentation of such approval. (Finding 12-02, page 13)

The auditors recommended that the Regional Superintendent should review and sign off her approval for all journal entries before the entries are posted to the accounting records.

The Regional Office of Education #30 responded that all journal entries were approved by the Regional Superintendent or Chief Business Officer prior to posting with many generated by the Regional Superintendent or Chief Business Officer or Assistant Regional Superintendent; however, they were not initialed.

SEGREGATION OF CASH AND FUND BALANCES

The Regional Office of Education #30 did not segregate cash and fund balances.

Generally accepted accounting principles and good fiscal management require cash and fund balances to be segregated and reported by fund and individual grant program. The Regional Office of Education #30 maintains its cash in a pooled cash account and did not segregate individual fund cash and fund balance in their accounting system.

According to Regional Office officials, they were unaware of the requirement. Additionally, the Regional Office of

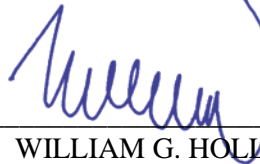
Education #30 implemented a new accounting system. This software only allowed them to use one cash account while entering in receipts and expenditures.

The auditors recommended that the Regional Office of Education #30 should begin tracking cash and fund balances in their accounting system segregated by fund.

The Regional Office of Education #30 responded that it agrees that tracking cash and fund balances will be a valuable process for improving its fiscal management. The Regional Office stated that the current software system does not allow for automatic segregation of individual fund cash and fund balances.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #30's financial statements as of June 30, 2012 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

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

DIGEST FOOTNOTE

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

In its prior response in 2011, the Regional Office of Education #30 responded that continued delay and timeliness of payments created a difficult situation for its office and certainly made the financial review and preparation of its financial statements complicated. The Regional Office noted that it completed its preparation and review procedures with the best information at the time. The Regional Office also noted that securing the services of its own certified public accountant was cost prohibitive. The Regional Office is working with the Jackson County Administrative Assistant who is a degreed accountant. The ROE noted that the individual will provide additional accounting expertise to prepare and/or review financial statements. The ROE noted that it is transitioning this process of consultation. The Regional Office noted that it has implemented a new accounting software system which should ensure that the financial statements are complete and accurate. The Regional Office also noted that its financial staff will work closely with the County Administrative Assistant to correct the issues involved in the finding.

