



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, 2015

Release Date: June 9, 2016

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	Repeated Since 2010	Category 1	Category 2	Category 3
Category 1:	0	1	1	15-1			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(15-1)** The Regional Office of Education #54 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 # 54
VERMILION COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2015

	FY 2015	FY 2014
TOTAL REVENUES	\$773,519	\$863,658
Local Sources	\$116,253	\$134,270
% of Total Revenues	15.03%	15.55%
State Sources	\$522,662	\$545,481
% of Total Revenues	67.57%	63.16%
Federal Sources	\$134,604	\$183,907
% of Total Revenues	17.40%	21.29%
TOTAL EXPENDITURES	\$764,207	\$851,192
Salaries and Benefits	\$369,210	\$440,025
% of Total Expenditures	48.31%	51.70%
Purchased Services	\$44,690	\$43,547
% of Total Expenditures	5.85%	5.12%
All Other Expenditures	\$350,307	\$367,620
% of Total Expenditures	45.84%	43.19%
TOTAL NET POSITION	\$195,356	\$186,044
INVESTMENT IN CAPITAL ASSETS	\$1,453	\$2,963
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 following:

- Cash was understated by \$479,257. This was due to monies that were transferred from one bank account to another being recorded as an outstanding check on the bank reconciliation of the account transferring the cash, but not as a deposit in transit on the bank reconciliation of the account receiving the cash.
- Revenue and due from other governments were understated by \$6,500 due to an unrecorded receivable in the General Fund.
- Expenses and due to other governments were understated by \$6,500 due to an unrecorded payable in the General Fund.

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 2015-001, pages 11-12) **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, 2015 are fairly presented in all material respects.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:KJM

AUDITORS ASSIGNED: Kemper CPA Group LLP were our special assistant auditors.

DIGEST FOOTNOTES

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

In its prior response in 2014, 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. The Regional Office of Education #54 noted that it will continue to work with the other Regional Offices of Education to determine the most effective method of ensuring that its employees possess the knowledge required to compile the necessary GAAP based financial statements.