



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**REGIONAL OFFICE OF EDUCATION #3**  
**BOND, FAYETTE AND EFFINGHAM COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2013**

**Release Date: April 22, 2014**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>1</b>
<b>Repeated from last audit:</b>	<b>1</b>

**SYNOPSIS**

- The Regional Office of Education #3 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #3**  
**BOND, FAYETTE AND EFFINGHAM COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2013**

	<b>FY 2013</b>	<b>FY 2012</b>
<b>TOTAL REVENUES</b>	\$1,947,178	\$1,790,065
Local Sources	\$428,278	\$509,116
% of Total Revenues	21.99%	28.44%
State Sources	\$1,030,771	\$1,070,456
% of Total Revenues	52.94%	59.80%
Federal Sources	\$488,129	\$210,493
% of Total Revenues	25.07%	11.76%
<b>TOTAL EXPENDITURES</b>	\$1,984,908	\$1,765,394
Salaries and Benefits	\$1,310,374	\$1,182,838
% of Total Expenditures	66.02%	67.00%
Purchased Services	\$390,012	\$441,586
% of Total Expenditures	19.65%	25.01%
All Other Expenditures	\$284,522	\$140,970
% of Total Expenditures	14.33%	7.99%
<b>TOTAL NET POSITION</b>	\$914,035	\$951,765
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$33,949	\$38,603
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Julie Wollerman
Currently: Honorable Julie Wollerman

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **CONTROLS OVER FINANCIAL STATEMENT PREPARATION**

**The Regional Office of Education #3 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #3 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, 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 #3 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 most 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/review 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 did not completely post prior year audit adjusting entries and some of the entries were posted incorrectly. This resulted in the Regional Office's fund balances rolling forward to fiscal year 2013 incorrectly and not being reported in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of cash, accounts receivable, or capital assets.

According to Regional Office management, they have not yet completed the training of their accounting personnel in order to comply with these requirements, but are in the process of doing so. (Finding 2013-001, pages 11-12) **This finding was first reported in 2007.**

The auditors recommended that, as part of internal control over the preparation of financial statements, the Regional Office of Education #3 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be

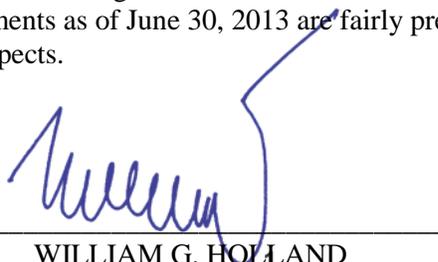
performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education #3's activities and operations.

The Regional Office of Education #3 responded that the Regional Superintendent and bookkeeping team continue to strive to beat this finding. The ROE noted that ongoing training is occurring and the results continue to show improvement in this area. The ROE stated that the standards set for removing this finding are not clearly defined, yet they will continue to improve their services in an effort to better serve their constituents and ensure fiscal responsibility. (For previous Regional Office response, see Digest Footnote #1.)

In an auditors' comment, the auditors noted that the criteria the ROE should follow in order to prepare financial statements in accordance with GAAP are outlined in GASB Statement No. 34.

#### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #3's financial statements as of June 30, 2013 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 the prior response in 2012, the Regional Superintendent responded that she understands this finding and continues to seek out support and services to correct it. The Regional Office noted that it is currently taking the finding under advisement with a local CPA firm.