



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**REGIONAL OFFICE OF EDUCATION #11**  
**CLARK, COLES, CUMBERLAND, DOUGLAS, EDGAR, MOULTRIE AND**  
**SHELBY COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2011**

**Release Date: May 9, 2012**

**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 #11 did not have sufficient internal controls over the financial reporting process.

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



## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #11 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #11 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 #11 did not have sufficient internal controls over the financial reporting process. 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 the following:

- The Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of accounts payable, accounts receivable, and deferred revenue, not all entries were made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenue.
- The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles. This included the Regional Office not recording multiple adjusting entries from the prior year audit.

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 11-01, pages 9-10) **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 #11 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 #11 responded that it feels the circumstance is not unusual in an organization of this size. The Regional Office understands the nature of this finding. The Regional Office noted that at this time it cannot fund additional professional accounting costs that would reduce the funds available to provide educational services for the schools in the region. The Regional Office also noted that it is conscious of the degree of risk associated with this condition and will continue to seek ways of eliminating this finding by consulting other ROE's and searching for appropriate training for staff members to ensure that all financial statements, including disclosures, are complete and accurate. (For previous Regional Office response, see Digest Footnote #1.)

#### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #11's financial statements as of June 30, 2011 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

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AUDITORS ASSIGNED: Doehring, Winders & Co., LLP were our special assistant auditors.

#### **DIGEST FOOTNOTE**

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

In its prior response in 2010, the Regional Office of Education #11 responded that it feels the circumstance is not unusual in an organization of this size. The Regional Office understands the nature of this finding. The Regional Office believes that seeking

additional accounting expertise in the form of another accounting firm or appropriately trained individual to prepare and/or review financial statements would reduce the funds available to provide educational services for the schools in the region. The Regional Office of Education therefore accepts the degree of risk associated with this condition. In order to address this finding, the Regional Office will continue to seek appropriate training for staff members in order to ensure that all financial statements, including disclosures, are complete and accurate.