



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 #13**  
**CLINTON/MARION/WASHINGTON COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2012**

**Release Date: June 6, 2013**

**Summary of Findings:**

<b>Total this audit:</b>	<b>1</b>
<b>Total last audit:</b>	<b>2</b>
<b>Repeated from last audit:</b>	<b>1</b>

**SYNOPSIS**

- The Regional Office of Education #13 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #13**  
**CLINTON/MARION/WASHINGTON COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2012**

	<b>FY 2012</b>	<b>FY 2011</b>
<b>TOTAL REVENUES</b>	\$3,068,036	\$2,201,071
Local Sources	\$557,122	\$497,685
% of Total Revenues	18.16%	22.61%
State Sources	\$2,285,701	\$1,301,311
% of Total Revenues	74.50%	59.12%
Federal Sources	\$225,213	\$402,075
% of Total Revenues	7.34%	18.27%
<b>TOTAL EXPENDITURES</b>	\$3,100,799	\$2,401,429
Salaries and Benefits	\$2,508,026	\$1,854,701
% of Total Expenditures	80.88%	77.23%
Purchased Services	\$419,940	\$361,208
% of Total Expenditures	13.54%	15.04%
All Other Expenditures	\$172,833	\$185,520
% of Total Expenditures	5.57%	7.73%
<b>TOTAL NET ASSETS</b>	\$1,381,053	\$1,413,816
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$31,862	\$34,530
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Keri Garrett
Currently: Honorable Keri Garrett

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #13 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #13 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 #13 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. 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 or deferred revenue.
- Numerous adjustments were required to present 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, page 11-12) **This finding was first reported in 2007.**

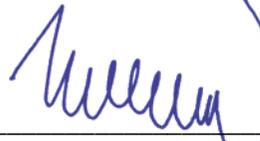
The auditors recommended that, as part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #13 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, 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 #13 responded that it understands the nature of this finding and realizes that this circumstance is not unusual in an entity of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide education services for the schools in the region. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #13's financial statements as of June 30, 2012 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:JRB

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 #13 responded that it understands the nature of this finding and realizes that this circumstance is not unusual in an entity of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide education services for the schools in the region. The Regional Office noted that in an attempt to correct this finding, it sent the ROE Controller to various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).