



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #19
DUPAGE COUNTY

**FINANCIAL AUDIT (In accordance with the Single
Audit Act and OMB Circular A-133)
For the Year Ended: June 30, 2010
Release Date:**

Summary of Findings:
Total this audit: 1
Total last audit: 1
Repeated from last audit: 0

SYNOPSIS

- The Regional Office of Education #19 did not have adequate controls over the electronic accounting system to facilitate the compilation of its financial statements.

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

REGIONAL OFFICE OF EDUCATION #19
DUPAGE COUNTY

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2010

	FY 2010	FY 2009
TOTAL REVENUES	\$9,582,982	\$8,851,481
Local Sources	\$2,851,216	\$2,169,355
% of Total Revenues	29.75%	24.51%
State Sources	\$5,117,401	\$5,087,520
% of Total Revenues	53.40%	57.48%
Federal Sources	\$1,614,365	\$1,594,606
% of Total Revenues	16.85%	18.02%
TOTAL EXPENDITURES	\$9,416,406	\$8,823,499
Salaries and Benefits	\$3,369,942	\$2,688,402
% of Total Expenditures	35.79%	30.47%
Purchased Services	\$2,218,618	\$3,073,258
% of Total Expenditures	23.56%	34.83%
All Other Expenditures	\$3,827,846	\$3,061,839
% of Total Expenditures	40.65%	34.70%
TOTAL NET ASSETS	\$3,152,422	\$2,985,846
INVESTMENT IN CAPITAL ASSETS	\$410,155 ¹	\$529,408 ¹
¹ Capital asset amounts include debt associated with a capital lease. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Darlene Ruscitti
Currently: Honorable Darlene Ruscitti

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**APPLICATION CONTROLS OVER ELECTRONIC
ACCOUNTING SYSTEM**

The Regional Office of Education #19 did not have adequate controls over the electronic accounting system to facilitate the compilation of its financial statements.

Generally accepted information technology guidance requires that financial systems have adequate written policies and procedures, adequate written system documentation, and adequate input, processing, and output controls. Application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure that the processing of transactions is performed in accordance with laws and regulations and with management's design and intent.

The DuPage County Regional Office of Education #19 uses an externally developed accounting system to record all of its financial transactions. Starting in FY 2010, the Regional Office upgraded to a windows-based accounting system. During the review of general ledger and trial balances, auditors noted that the Regional Office did not have adequate controls over its electronic accounting system to facilitate the compilation of its financial statements. The following errors were noted:

- The excess of expenditures over revenues for one fund totaling \$202,063 was not reflected in the summary financial report, resulting in an overstatement of its fund balance.
- Trial balance reports for 10 funds had positive or negative amounts, rather than being \$0.
- Balances of summary financial reports for revenue and expense accounts for eight funds did not agree with detailed general ledger and the beginning balances for these funds were carried forward to the summary financial reports.
- The system allowed five unbalanced journal entries to be entered and posted. The discrepancies in journal entry amounts were posted in the cash account.
- Manual intervention was required to compile financial reports.

Financial records generated from the upgraded externally developed accounting system were inaccurate and unreliable. In addition, ROE #19 management or its employees may not prevent or detect financial statement misstatements resulting from inadequate controls over the accounting system and conversion process.

According to Regional Office management, problems encountered using the accounting system were due to errors in programming and modification of the software. In addition, FY 2009 audit adjustments were not timely provided to them, thus management was not able to completely close their books and conduct a proper review of the general ledger and trial balances. Management also stated that they have continuously communicated the errors noted in FY 2010 audit with the vendor's programmer, and these programmers are in the process of modifying the system to correct the errors. (Finding 10-1, pages 12-13)

Auditors recommended that the Regional Office should review its current electronic accounting system and request the programmer to make modifications as necessary to reduce the need for manual input and provide electronic checks and balances. The existing electronic accounting system should be improved to ensure that adequate input, processing, and output controls are incorporated into the applications program. Once modified, we also recommend the Regional Office of Education #19 ensure its financial reports are in compliance with the Regional Office's reporting standards.

The DuPage Regional Office of Education #19 responded that it is in agreement with the finding and has already contacted the management of the current electronic accounting system and secured their services to assist with all audit adjustments when received. The Regional Office noted that it has enhanced its program so that the system will not allow out of balance journal entries. The Regional Office also noted that the system has built in controls to prevent out of balance entries: screen prompts, automatic offsetting entries, and balancing reports. The Regional Office noted that it will put the proper procedures in place to utilize the new features of the system and will bring all financial reports up to proper accounting standards.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #19's financial statements as of June 30, 2010 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

AUDITORS ASSIGNED: E. C. Ortiz & Co., LLP were our special assistant auditors.