



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #20
EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2017

Release Date: June 28, 2018

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since 2011
Category 1:	0	1	1	17-1
Category 2:	0	0	0	
Category 3:	0	0	0	
TOTAL	0	1	1	
FINDINGS LAST AUDIT: 4				

SYNOPSIS

- **(17-1)** The Regional Office of Education #20 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 #20
EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE, SALINE, WABASH, WAYNE, AND
WHITE COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2017

	FY 2017	FY 2016
TOTAL REVENUES	\$2,713,975	\$2,647,809
Local Sources	\$1,052,204	\$1,049,160
% of Total Revenues	38.77%	39.62%
State Sources	\$1,266,667	\$1,140,707
% of Total Revenues	46.67%	43.08%
Federal Sources	\$395,104	\$457,942
% of Total Revenues	14.56%	17.30%
TOTAL EXPENDITURES	\$2,607,258	\$2,541,632
Salaries and Benefits	\$2,097,159	\$1,871,679
% of Total Expenditures	80.44%	73.64%
Purchased Services	\$405,155	\$544,589
% of Total Expenditures	15.54%	21.43%
All Other Expenditures	\$104,944	\$125,364
% of Total Expenditures	4.03%	4.93%
TOTAL NET POSITION	\$164,917	\$58,200
INVESTMENT IN CAPITAL ASSETS	\$25,523	\$24,735
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Lawrence Fillingim Currently: Honorable Lawrence Fillingim

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #20 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #20 (ROE) did not have sufficient internal controls over the financial reporting process. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of generally accepted accounting principles (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.

The ROE is required to maintain a system of controls over the preparation of financial statements in accordance with 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).

During review of the Regional Office's financial information, auditors noted the ROE's financial information required material adjusting entries to accounts receivable, accounts payable, accrued payroll, interfund loans, and unavailable revenue in order to present its financial statements in accordance with GAAP. In addition, the ROE did not have adequate controls to record and report net accrued pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP. Proposed adjusting entries were approved and accepted by ROE management.

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 2017-001, pages 11a-11b) **This finding was first reported in 2011.**

The auditors recommended that as part of internal control over the preparation of financial statements, the ROE 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 applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

ROE Response: *The Regional Office accepts the auditor's recommendation.*

Prior Year ROE Response: *The Regional Office accepts the auditor's recommendation. The ROE will work with other ROEs for professional development and necessary training to ensure that the proper employees possess the knowledge required to compile the necessary GAAP based financial statements.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #20's financial statements as of June 30, 2017 are fairly presented in all material respects.

This financial report was conducted by the firm of Doehring, Winders & Co., LLP.

SIGNED ORIGINAL ON FILE

KELLY MITTELSTAEDT
Audit Manager

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JRB