



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 #21**  
**FRANKLIN AND WILLIAMSON COUNTIES**

**FINANCIAL AUDIT** (In accordance with the Single  
Audit Act and OMB Circular A-133)

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

**Release Date: February 21, 2012**

**Summary of Findings:**

**Total this audit: 1**

**Total last audit: 1**

**Repeated from last audit: 1**

**SYNOPSIS**

- The Regional Office of Education #21 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #21**  
**FRANKLIN AND WILLIAMSON COUNTIES**

**FINANCIAL AUDIT**  
**(In Accordance with the Single Audit Act and OMB Circular A-133)**  
**For The Year Ended June 30, 2011**

	<b>FY 2011</b>	<b>FY 2010</b>
<b>TOTAL REVENUES</b>	\$3,403,507	\$3,574,193
Local Sources	\$476,389	\$665,879
% of Total Revenues	14.00%	18.63%
State Sources	\$2,036,328	\$1,920,738
% of Total Revenues	59.83%	53.74%
Federal Sources	\$890,790	\$987,576
% of Total Revenues	26.17%	27.63%
<b>TOTAL EXPENDITURES</b>		
Salaries and Benefits	\$2,214,486	\$2,204,691
% of Total Expenditures	66.78%	62.59%
Purchased Services	\$549,378	\$577,770
% of Total Expenditures	16.57%	16.40%
All Other Expenditures	\$551,989	\$739,855
% of Total Expenditures	16.65%	21.00%
<b>TOTAL NET ASSETS</b>		
	\$1,244,198	\$1,156,544
<b>INVESTMENT IN CAPITAL ASSETS</b>		
	\$163,586	\$147,702
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable R. Matthew Donkin
Currently: Honorable R. Matthew Donkin

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #21 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #21 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 #21 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting during the fiscal year and posts year end accrual entries for audit purposes. 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 adjustments were required to present financial statements in accordance with generally accepted accounting principles.

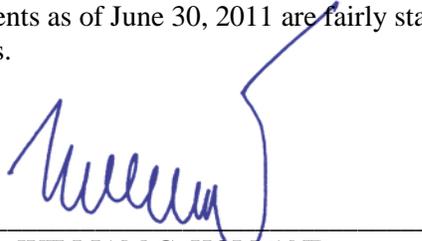
According to ROE officials, with the wide range of accounting issues the Office deals with, accounting personnel had not obtained necessary training to become proficient in the preparation and review of GAAP based financial statements and to ensure inclusion of all disclosures as required by the Governmental Accounting Standards Board (GASB). (Finding 11-01 pages 13-14) **This finding was first reported in 2007.**

The auditors recommended that, as part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #21 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 an 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 #21 responded that in its continuous effort to maintain controls over financial statement preparation, the ROE will follow its hiring of qualified personnel with the pursuit of continued training opportunities to improve its skills and efforts in meeting the requirements. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #21's financial statements as of June 30, 2011 are fairly stated in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Sikich, 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 #21 responded that in its continuous effort to maintain controls over financial statement preparation, the ROE would follow its hiring of qualified personnel with the pursuit of continued training opportunities to improve its skills and efforts in meeting the requirements.