



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 #33**  
**KNOX COUNTY**

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

**Release Date: April 19, 2012**

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

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

**REGIONAL OFFICE OF EDUCATION #33**  
**KNOX COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2011**

	<b>FY 2011</b>	<b>FY 2010</b>
<b>TOTAL REVENUES</b>	\$788,434	\$762,459
Local Sources	\$60,071	\$63,870
% of Total Revenues	7.62%	8.38%
State Sources	\$573,495	\$614,521
% of Total Revenues	72.74%	80.60%
Federal Sources	\$154,868	\$84,068
% of Total Revenues	19.64%	11.03%
<b>TOTAL EXPENDITURES</b>	\$794,892	\$768,629
Salaries and Benefits	\$643,687	\$639,245
% of Total Expenditures	80.98%	83.17%
Purchased Services	\$102,626	\$100,234
% of Total Expenditures	12.91%	13.04%
All Other Expenditures	\$48,579	\$29,150
% of Total Expenditures	6.11%	3.79%
<b>TOTAL NET ASSETS</b>	\$122,835 <sup>1</sup>	\$130,622
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$13,799	\$19,233
<sup>1</sup> Includes a (\$1,329) restatement to the FY 2011 beginning net asset balance due to a prior period adjustment. Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Bonnie L. Harris
Currently: Honorable Bonnie L. Harris

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #33 did not have sufficient internal controls over the financial reporting process.**

The Knox County Regional Office of Education #33 is required to maintain a system of controls over the preparation of financial statements, including disclosures, 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 #33 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their 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 ROE's accounting records, noted the following:

- The Regional Office did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not maintain complete records of accounts payable or deferred revenue.

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP. (Finding 11-1, pages 10-11) **This finding was first reported in 2007.**

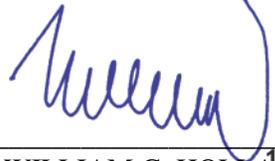
The auditors recommended that, as part of its internal control over the preparation of its financial statements, including disclosures, the Knox County Regional Office of Education #33 should implement a comprehensive preparation and/or

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 #33 responded that due to limited funds, it is not able to hire and train accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with generally accepted accounting principles. (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #33's financial statements as of June 30, 2011 are fairly presented in all material respects.



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WILLIAM G. HOLLAND  
Auditor General

WGH:JRB

AUDITORS ASSIGNED: Sulaski and Webb, CPAs were our special assistant auditors.

### **DIGEST FOOTNOTES**

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

In its prior response in 2010, the Regional Office of Education #33 responded that it understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office noted that it is financially unable to employ accounting personnel capable of maintaining an adequate system of internal control over the preparation of financial statements since this cost would take away from the funds available to provide educational services for the schools in the region. The Regional Office noted that if it has more stable financing in the future, it will try to hire and/or train personnel to maintain an appropriate system of internal control over the preparation of financial statements in accordance with generally accepted accounting principles.