



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #39
MACON AND PIATT COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2018

Release Date: May 9, 2019

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	<u>New</u> 1	<u>Repeat</u> 0	<u>Total</u> 1	No Repeat Findings
Category 2:	0	0	0	
Category 3:	0	0	0	
TOTAL	1	0	1	
FINDINGS LAST AUDIT: 0				

SYNOPSIS

- **(18-1)** The Regional Office of Education #39 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 #39
MACON AND PIATT COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2018

	FY 2018	FY 2017
TOTAL REVENUES	\$5,309,873	\$6,901,083
Local Sources	\$758,379	\$2,130,128
% of Total Revenues	14.28%	30.87%
State Sources	\$4,478,058	\$4,737,185
% of Total Revenues	84.33%	68.64%
Federal Sources	73,436	\$33,770
% of Total Revenues	1.38%	.49%
TOTAL EXPENDITURES	\$5,086,758	\$5,751,748
Salaries and Benefits	\$3,571,266	\$4,182,432
% of Total Expenditures	70.21%	72.72%
Purchased Services	\$1,345,567	\$1,462,505
% of Total Expenditures	26.45%	25.43%
All Other Expenditures	\$169,925	\$106,811
% of Total Expenditures	3.34%	1.86%
TOTAL NET POSITION	\$349,902 ¹	\$1,538,540
INVESTMENT IN CAPITAL ASSETS	\$33,651 ²	\$21,663
¹ The FY 2018 beginning net position was restated by (\$1,411,753) due to a prior period adjustment for new reporting requirements for other postemployment benefits. ² Capital asset amounts include debt associated with a capital lease. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Matthew Snyder Currently: Honorable Matthew Snyder

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #39 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #39 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE maintained its accounting records on the cash basis of accounting during the fiscal year and posted year-end accrual entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of the generally accepted accounting principles (GAAP) basis 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 ROE'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 ROE's accounting records, auditors noted the ROE did not have adequate controls over the maintenance of complete records of revenue and unearned revenue.

According to Regional Office officials, personnel overlooked recording the necessary journal entries for revenue and unearned revenue when adjusting the trial balance to the modified accrual basis of accounting at year-end. (Finding 18-001, pages 10-11)

The auditors recommended that as part of its internal control over the preparation of financial statements, the ROE should implement comprehensive preparation procedures to ensure the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

ROE Response: *Management understands the error and does not anticipate the issue being repeated in the future. The ROE will hire an outside firm to help remedy the cause of the finding.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #39's financial statements as of June 30, 2018 are fairly presented in all material respects.

This financial audit was conducted by the firm of West & Company, LLC.

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:JMM