



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #41
MADISON COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2014

Release Date: May 7, 2015

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

SYNOPSIS

- **(14-1)** The Regional Office of Education #41 did not properly record cash held in the Illinois Funds account related to teacher certification licensure processing.

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 #41
MADISON COUNTY

FINANCIAL AUDIT
For the Year Ended June 30, 2014

	FY 2014	FY 2013
TOTAL REVENUES	\$3,141,389	\$3,214,682
Local Sources	\$1,686,771	\$1,744,088
% of Total Revenues	53.70%	54.25%
State Sources	\$1,258,518	\$1,235,039
% of Total Revenues	40.06%	38.42%
Federal Sources	\$196,100	\$235,555
% of Total Revenues	6.24%	7.33%
TOTAL EXPENDITURES	\$3,597,503	\$3,853,994
Salaries and Benefits	\$3,002,915	\$3,087,505
% of Total Expenditures	83.47%	80.11%
Purchased Services	\$451,369	\$477,109
% of Total Expenditures	12.55%	12.38%
All Other Expenditures	\$143,219	\$289,380
% of Total Expenditures	3.98%	7.51%
TOTAL NET POSITION	\$1,202,076	\$1,658,190
INVESTMENT IN CAPITAL ASSETS	\$29,812	\$46,216
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Robert Daiber Currently: Honorable Robert Daiber

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

IMPROPER RECORDING OF CASH

The Regional Office of Education #41 did not properly record cash held in the Illinois Funds account related to teacher certification licensure processing.

Generally accepted accounting principles and the accounting policies of Regional Office of Education #41 consider cash and all highly liquid investments with an original maturity of three months or less from the date of acquisition to be cash equivalents. Sound internal controls require that accounting records accurately and completely record all transactions of the entity. Balances in the general ledger accounts should be reconciled with statements of accounts on a regular basis and adjustments recorded timely and correctly in the general ledger. Also, the “due from governmental agencies” account should only include balances that were uncollected at fiscal year-end.

The Regional Office of Education #41’s Institute Fund account receives money electronically from the Illinois State Board of Education (ISBE) related to the teacher certification licensure processing. As of June 30, 2014, the cash balance of the Regional Office totaling \$1,510,543 did not include the \$44,543 bank balance in the Institute Illinois Funds account. This amount was instead recorded in the ROE’s general ledger under “due from other governmental agencies” account. In addition, no formal monthly bank reconciliations were prepared for the Illinois Funds account during the fiscal year. After auditor’s notification, the Regional Office made an adjusting entry to properly account for these transactions.

According to the Regional Office of Education #41 management, the Illinois Funds account cash balance was not recorded as part of the Regional Office’s total cash balance because the monies were not yet received into one of the Regional Office’s local financial institution bank accounts. It has been the ROE’s practice to record the cash upon transfer to their local bank account. The Regional Office also reconciled the monthly interim balance of the account to activity reports from the State of Illinois which was deemed sufficient. (Finding 2014-001, pages 11-12)

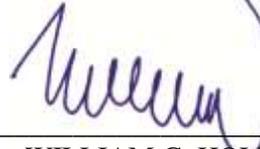
The auditors recommended that the Regional Office of Education #41 should ensure that all transactions are properly accounted and recorded for accurate financial reporting. Bank reconciliations should be performed on all bank accounts on a regular basis.

The Regional Office of Education #41 responded that management agrees with the finding. The Regional Office stated that it made the adjusting journal entry to provide for accurate financial reporting of the Illinois Funds account. A bank reconciliation will be performed on this account using

the same policies and procedures performed on the Regional Office's other bank accounts.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #41's financial statements as of June 30, 2014 are fairly presented in all material respects.

A handwritten signature in blue ink, appearing to read "William G. Holland", is written over a horizontal line.

WILLIAM G. HOLLAND
Auditor General

WGH:JRB

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