



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 #43**  
**MARSHALL/PUTNAM/WOODFORD COUNTIES**

**FINANCIAL AUDIT**  
**For the Year Ended: June 30, 2010**

**Release Date: June 9, 2011**

**Summary of Findings:**

|                                  |          |
|----------------------------------|----------|
| <b>Total this audit:</b>         | <b>1</b> |
| <b>Total last audit:</b>         | <b>1</b> |
| <b>Repeated from last audit:</b> | <b>1</b> |

**SYNOPSIS**

- The Regional Office of Education #43 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #43**  
**MARSHALL/PUTNAM/WOODFORD COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2010**

|  | <b>FY 2010</b> | <b>FY 2009</b> |
|--|----------------|----------------|
| <b>TOTAL REVENUES</b>                    | \$797,633      | \$655,454      |
| Local Sources                            | \$123,341      | \$90,893       |
| % of Total Revenues                      | 15.46%         | 13.87%         |
| State Sources                            | \$617,403      | \$507,378      |
| % of Total Revenues                      | 77.40%         | 77.41%         |
| Federal Sources                          | \$56,889       | \$57,183       |
| % of Total Revenues                      | 7.13%          | 8.72%          |
| <b>TOTAL EXPENDITURES</b>                | \$713,766      | \$602,081      |
| Salaries and Benefits                    | \$538,700      | \$507,057      |
| % of Total Expenditures                  | 75.47%         | 84.22%         |
| Purchased Services                       | \$79,562       | \$64,778       |
| % of Total Expenditures                  | 11.15%         | 10.76%         |
| All Other Expenditures                   | \$95,504       | \$30,246       |
| % of Total Expenditures                  | 13.38%         | 5.02%          |
| <b>TOTAL NET ASSETS</b>                  | \$360,046      | \$276,179      |
| <b>INVESTMENT IN CAPITAL ASSETS</b>      | \$0            | \$2,186        |
| Percentages may not add due to rounding. |                |                |

| <b>REGIONAL SUPERINTENDENT</b>             |
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| During Audit Period: Honorable Ronda Cross |
| Currently: Honorable Ronda Cross           |

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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

**The Regional Office of Education #43 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #43 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 #43 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.

Auditors, in their review of the ROE's accounting records, noted that adjustments were required to present financial statements in accordance with generally accepted accounting principles. Also, the Regional Office did not maintain complete records of accounts receivable, 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 10-1, 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 Regional Office of Education #43 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 #43 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 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and review financial statements would diminish the limited available funds for educational services in the region. The Regional Office noted that management will monitor the internal controls and need for additional training and implement training as funding in the State budget allows. The Regional Office noted that it will look for various trainings to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP). (For previous Regional Office response, see Digest Footnote #1.)

### **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #43's financial statements as of June 30, 2010 are fairly presented in all material respects.

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WILLIAM G. HOLLAND  
Auditor General

WGH:KJM

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

### **DIGEST FOOTNOTES**

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

In its prior response in 2009, the Regional Office of Education #43 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 accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and review financial statements would diminish the limited available funds for educational services in the region. The Regional Office noted that management will monitor the internal controls and need for additional training and implement training as funding in the State budget allows.