



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

Frank J. Mautino, Auditor General

## SUMMARY REPORT DIGEST

### **REGIONAL OFFICE OF EDUCATION #45** **MONROE AND RANDOLPH COUNTIES**

**FINANCIAL AUDIT**  
For the Year Ended: June 30, 2015

Release Date: August 18, 2016

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

### **SYNOPSIS**

- (15-1) The Regional Office of Education #45 did not have sufficient internal controls over the financial reporting process.

<b>Category 1:</b> Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b> Findings that are <b>significant deficiencies</b> in internal control and/or <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b> Findings that have <b>no internal control issues but are in noncompliance</b> with federal and/or State laws and regulations.

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

**REGIONAL OFFICE OF EDUCATION #45**  
**MONROE AND RANDOLPH COUNTIES**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2015**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>TOTAL REVENUES</b>	\$1,705,726	\$1,414,771
Local Sources	\$527,033	\$392,031
% of Total Revenues	30.90%	27.71%
State Sources	\$841,190	\$650,329
% of Total Revenues	49.32%	45.97%
Federal Sources	\$337,503	\$372,411
% of Total Revenues	19.79%	26.32%
<b>TOTAL EXPENDITURES</b>	\$1,694,528	\$1,446,571
Salaries and Benefits	\$1,289,633	\$1,127,966
% of Total Expenditures	76.11%	77.98%
Purchased Services	\$242,929	\$181,324
% of Total Expenditures	14.34%	12.53%
All Other Expenditures	\$161,966	\$137,281
% of Total Expenditures	9.56%	9.49%
<b>TOTAL NET POSITION</b>	\$130,031 <sup>1</sup>	\$861,254
<b>INVESTMENT IN CAPITAL ASSETS</b>	\$39,233	\$36,686
<sup>1</sup> The FY 2015 beginning net position was restated by (\$742,421) due to a prior period adjustment for new reporting requirements for pensions.		
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Kelton Davis
Currently: Honorable Kelton Davis

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

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

#### **The Regional Office of Education #45 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #45 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The Regional Office'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).

The Regional Office of Education #45 did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The Regional Office maintains its accounting records on cash basis accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the Regional Office of Education #45 maintains controls over the processing of most accounting transactions and prepares its financial statements, there were 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.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted the ROE did not have adequate controls to record and report the ROE's net pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

According to the ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own. (Finding 2015-001, pages 10-11)

The auditors recommended that as part of its internal control over the preparation of financial statements, the Regional Office of Education #45 should implement comprehensive preparation procedures to ensure that 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.

The Regional Office of Education #45 responded that it was unable to prepare the reports needed for the audit primarily due to the timing of the receipt of needed documents from both TRS and IMRF. The timing of the receipts of the necessary actuarial calculations to implement the new GASB Statements No. 68 and No. 71 did not provide adequate time for the office to address the needs of the new requirements.

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #45's financial statements as of June 30, 2015 are fairly presented in all material respects.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:KJM

AUDITORS ASSIGNED: West & Company, LLC were our special assistant auditors.