



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #46
BROWN/CASS/MORGAN/SCOTT COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2012

Release Date: June 19, 2013

Summary of Findings:

Total this audit:	1
Total last audit:	2
Repeated from last audit:	1

SYNOPSIS

- The Regional Office of Education #46 did not have sufficient internal controls over the financial reporting process.

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

REGIONAL OFFICE OF EDUCATION #46
BROWN/CASS/MORGAN/SCOTT COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2012

	FY 2012	FY 2011
TOTAL REVENUES	\$1,459,654	\$1,811,846
Local Sources	\$252,675	\$267,042
% of Total Revenues	17.31%	14.74%
State Sources	\$1,113,929	\$1,293,583
% of Total Revenues	76.31%	71.40%
Federal Sources	\$93,050	\$251,221
% of Total Revenues	6.37%	13.87%
TOTAL EXPENDITURES	\$1,697,395	\$1,891,396
Salaries and Benefits	\$1,469,041	\$1,597,040
% of Total Expenditures	86.55%	84.44%
Purchased Services	\$152,879	\$159,595
% of Total Expenditures	9.01%	8.44%
All Other Expenditures	\$75,475	\$134,761
% of Total Expenditures	4.45%	7.12%
TOTAL NET ASSETS	\$318,715	\$556,456
INVESTMENT IN CAPITAL ASSETS	\$19,069	\$24,889
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Jeff Stephens
Currently: Honorable Jeff Stephens

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #46 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #46 is required to maintain a system of controls over the preparation of financial statements 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 #46 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its 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 and correct financial statement misstatements and disclosure omissions in a timely manner. Auditors, in their review of the Regional Office's accounting records, noted adjustments that were required to present financial statements in accordance with generally accepted accounting principles.

Managements' review process did not effectively detect all of the adjustments needed to present the financial statements in accordance with generally accepted accounting principles. (Finding 12-1, pages 10-11) **This finding was first reported in 2007.**

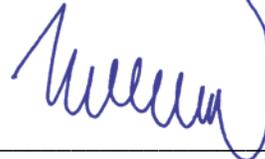
Auditors recommended that as part of internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #46 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are 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 #46 responded that it has made great strides in improving its accounting practices and procedures. The Regional Office noted that it continues to improve its system in an effort to meet the necessary, ever-

changing audit requirements. The Regional Office also noted that it is not financially able to hire a full-time CPA or retain one on a regular basis to complete financial statements as defined by the requirements. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #46's financial statements as of June 30, 2012 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Winkel, Parker & Foster, CPA PC were our special assistant auditors.

DIGEST FOOTNOTE

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

In its prior response in 2011, the Regional Office of Education #46 responded that it has made great strides in improving its accounting practices and procedures. The Regional Office noted that it continues to improve its system in an effort to meet the necessary, ever-changing audit requirements. The Regional Office also noted that it is not financially able to hire a full-time CPA or retain one on a regular basis to complete financial statements as defined by the requirements.