



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #50
ST. CLAIR COUNTY

**FINANCIAL AUDIT (In accordance with the Single
Audit Act and OMB Circular A-133)
For the Year Ended: June 30, 2011
Release Date: January 26, 2012**

Summary of Findings:
Total this audit: 1
Total last audit: 0
Repeated from last audit: 0

SYNOPSIS

- The Regional Office of Education #50 did not have adequate internal controls over compliance with grant agreements.

{Revenues and expenditures are summarized on the reverse page.

REGIONAL OFFICE OF EDUCATION #50
ST. CLAIR COUNTY

FINANCIAL AUDIT
(In accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2011

	FY 2011	FY 2010
TOTAL REVENUES	\$5,784,447	\$7,002,316
Local Sources	\$721,886	\$781,094
% of Total Revenues	12.48%	11.15%
State Sources	\$1,282,578	\$2,262,687
% of Total Revenues	22.17%	32.31%
Federal Sources	\$3,779,983	\$3,958,535
% of Total Revenues	65.35%	56.53%
TOTAL EXPENDITURES		
Salaries and Benefits	\$3,585,981	\$3,704,434
% of Total Expenditures	62.82%	53.30%
Purchased Services	\$1,392,666	\$1,963,014
% of Total Expenditures	24.40%	28.25%
All Other Expenditures	\$729,280	\$1,282,095
% of Total Expenditures	12.78%	18.45%
TOTAL NET ASSETS		
	\$1,960,653	\$1,884,133
INVESTMENT IN CAPITAL ASSETS		
	\$225,756	\$175,051
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Brad J. Harriman Currently: Honorable Susan Sarfaty

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE INTERNAL CONTROLS OVER
COMPLIANCE**

The Regional Office of Education #50 did not have adequate internal controls over compliance with grant agreements.

The Regional Office of Education #50 has several federally funded grant programs. Grant monies can only be used for allowable expenditures as outlined in grant agreements.

Due to late reimbursements, a program lacked cash to pay for expenditures, resulting in a loan from another program. A review of the amounts due between programs showed a \$2,153 loan from Mathematics and Science Partnership program to the Mental Health Parent Resource program. Loans are not one of the allowed uses of the Mathematics and Science Partnership program.

According to Regional Office officials, the bookkeeper that administers this program has many years experience with grant programs, but is fairly new to administering federal grant funds. The comptroller was out of the office when the transaction occurred. The comptroller would normally approve these transactions and the person who approved the transaction overlooked the fact that this was a grant. (Finding 11-1, page 12a-12b)

The auditors recommended that only discretionary funds should be used to make loans between funds. Each transaction should be examined to ensure that grant funds are not loaned to other programs. All bookkeepers and individuals authorizing funding movement should be aware of the prohibition against loaning restricted funds.

The Regional Office of Education #50 responded that it has established procedures to assure that loans between funds are only made from discretionary funds. The Regional Office noted that in October, all bookkeepers and program coordinators/directors were familiarized with the rules which prohibit loans from restricted funds. A procedure on loans was added to the Fiscal Policies & Procedures Manual. Also, this training will be a routine part of orientation for new staff in Finance and for those authorized to approve loans.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #50's financial statements as of June 30, 2011 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:JRB

AUDITORS ASSIGNED: Kemper CPA Group, LLP were our special assistant auditors.