

# REPORT DIGEST

REGIONAL OFFICE OF  
EDUCATION #54

VERMILION COUNTY  
FINANCIAL AUDIT

For the Year Ended:  
June 30, 2009

## Summary of Findings:

Total this audit	1
Total last audit	0
Repeated from last audit	0

Release Date:  
March 30, 2010



State of Illinois  
Office of the Auditor General  
**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

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## SYNOPSIS

- The Regional Office of Education #54 did not have adequate internal control procedures.

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

**REGIONAL OFFICE OF EDUCATION # 54**  
**VERMILION COUNTY**

**FINANCIAL AUDIT**  
**For The Year Ended June 30, 2009**

	<b>FY 2009</b>	<b>FY 2008</b>
<b>TOTAL REVENUES</b>	\$807,019	\$683,667
Local Sources	\$289,461	\$147,330
% of Total Revenues	35.87%	21.55%
State Sources	\$449,434	\$509,214
% of Total Revenues	55.69%	74.48%
Federal Sources	\$68,124	\$27,123
% of Total Revenues	8.44%	3.97%
<b>TOTAL EXPENDITURES</b>		
Salaries and Benefits	\$776,018	\$688,748
% of Total Expenditures	\$270,786	\$307,931
Purchased Services	34.89%	44.71%
% of Total Expenditures	\$176,057	\$61,147
All Other Expenditures	22.69%	8.88%
% of Total Expenditures	\$329,175	\$319,670
	42.42%	46.41%
<b>TOTAL NET ASSETS</b>		
	\$138,081	\$117,373
<b>INVESTMENT IN CAPITAL ASSETS</b>		
	\$4,222	\$1,004
Percentages may not add due to rounding.		

<b>REGIONAL SUPERINTENDENT</b>
During Audit Period: Honorable Michael Metzen
Currently: Honorable Michael Metzen

## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### **INADEQUATE INTERNAL CONTROL PROCEDURES**

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**The Regional Office of Education #54 did not have adequate internal control procedures.**

The Regional Office of Education #54 did not have adequate internal control procedures. The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over receipts, disbursements and reporting to prevent errors and fraud.

Auditors noted the following weaknesses in the Regional Office of Education #54's internal control system:

- A. Due to inadequate segregation of duties, one person is responsible for receiving money, depositing funds, recording receipts in the general ledger, receiving unopened invoices and vendor statements, preparing disbursement checks, entering disbursements in the general ledger, receiving the unopened bank statement, and reconciling the bank statement.
- B. During the walk-through of the bank reconciliation process, auditors noted occasions when independent review of the bank reconciliation was not documented.
- C. There was no indication that there was an independent review of journal entries posted to the general ledger.
- D. Prior-year audit adjustments had not been posted to the general ledger; therefore some current year opening fund balances were not correct.
- E. The Regional Office failed to record revenue in its accounting records and a liability to the Illinois State Board of Education for teachers' certification payments received prior to year end but not processed until after year end. In addition, the Regional Office failed to record a liability for grant funds obligated but not disbursed prior to year end.

Lack of effective internal control procedures could result in unintentional or intentional errors or

misappropriation of assets that could be material to the financial statements and that may not be detected in a timely manner by employees in the normal course of performing their assigned duties.

The Regional Office was not aware of the proper reporting of teachers' certification payments and grant obligations at year end. (Finding 09-01, pages 10a-10b)

Auditors recommended that:

- A. The Regional Office should segregate duties so that no one individual has access to all steps of an accounting process.
- B. An individual independent of the check preparation process should receive the bank statement unopened and review the statement and canceled checks for any inappropriate items prior to forwarding the statement to the bookkeeper to prepare the reconciliation. The completed bank reconciliation should be reviewed by an individual independent of the disbursement and reconciliation process to ensure that the reconciliation is completed timely and that the reconciled balance agrees to the general ledger balance.
- C. An individual independent of the initiation and posting of journal entries should review journal entries and supporting documentation to ensure that entries are appropriate and agree with supporting documentation.
- D. After closing the prior year's financial statements, the opening fund balances for the current year should be compared to the ending balances on the prior year's financial statements. Any discrepancies should be reviewed and resolved.
- E. The Regional Office should report cash received but not processed at year end as revenue. Any of those amounts owed to another entity should also be recorded as a liability. Any grant funds obligated at the end of the year should also be recorded as a liability.

The Regional Superintendent responded that he agrees with this finding.

**AUDITORS' OPINION**

Our auditors state the Regional Office of Education #54's financial statements as of June 30, 2009 are fairly presented in all material respects.

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WILLIAM G. HOLLAND, Auditor General

WGH:KJM

**SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors were Kemper CPA Group, LLP.