



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #16
DEKALB COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2014

Release Date: September 30, 2015

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2007	14-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- **(14-1)** The Regional Office of Education #16 did not have sufficient internal controls over the financial reporting process.

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

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

REGIONAL OFFICE OF EDUCATION #16
DEKALB COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2014

	FY 2014	FY 2013
TOTAL REVENUES	\$1,019,581	\$1,040,915
Local Sources	\$155,841	\$160,724
% of Total Revenues	15.28%	15.44%
State Sources	\$845,544	\$849,949
% of Total Revenues	82.93%	81.65%
Federal Sources	\$18,196	\$30,242
% of Total Revenues	1.78%	2.91%
TOTAL EXPENDITURES	\$1,004,888	\$1,015,457
Salaries and Benefits	\$509,527	\$474,140
% of Total Expenditures	50.70%	46.69%
Purchased Services	\$382,313	\$417,510
% of Total Expenditures	38.05%	41.12%
All Other Expenditures	\$113,048	\$123,807
% of Total Expenditures	11.25%	12.19%
TOTAL NET POSITION	\$250,494	\$235,801
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Amanda Christensen Currently: Honorable Amanda Christensen

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

The Regional Office of Education #16 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #16 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 #16 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its accounting records on the cash basis of accounting during the fiscal year and posts the adjusting journal entries proposed by the auditor to convert financial statements from cash to accrual at year-end. While the Regional Office maintains controls over the processing of most accounting transactions and reviews revisions to the financial statements and notes proposed by the auditor, there are not sufficient controls over the preparation of 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.

During review of the Regional Office of Education #16's financial information prepared by the Regional Office, auditors noted the Regional Office did not have adequate controls to ensure financial statement balances were accurate. While the Regional Office did maintain records to indicate the balance of financial statement accounts, numerous material audit adjustments were proposed in order to ensure those balances were accurate.

According to Regional Office management, they did not effectively detect all of the material adjustments needed in order to present financial statements in accordance with GAAP. (Finding 2014-001, pages 10-11) **This finding was first reported in 2007.**

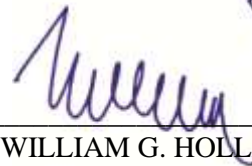
The auditors recommended that, as part of internal control over the preparation of financial statements, the Regional Office of Education #16 should implement a comprehensive preparation procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the

applicable GAAP, GASB pronouncements, and knowledge of the Regional Office of Education's activities and operations.

The Regional Office of Education #16 responded that as of December 2014, a new bookkeeper was hired who has implemented many new accounting procedures to ensure accuracy on the books. For example, the bookkeeper now maintains all checks and balances on a monthly basis to ensure all accounting transactions are coded correctly. The Regional Office noted that since January 2015, all current bank reconciliations have been balanced. Prior to balancing the bank reconciliations, all transactions for the month are reviewed to ensure coding accuracy. There is now a 3-person check and balance system in place which consists of the Regional Superintendent, Assistant Superintendent, and bookkeeper. The Regional Office also stated that management is continually increasing knowledge and improving monitoring practices. Although the DeKalb ROE has stayed on cash basis, any transactions after the end of the fiscal year have been accrued to the correct fiscal year matching the grant income to the bookkeeping system. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #16's financial statements as of June 30, 2014 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

AUDITORS ASSIGNED: McGreal & Co., PC were our special assistant auditors.

DIGEST FOOTNOTE

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

In its prior response in 2013, the Regional Office of Education #16 responded that the finding above consists of two parts. The first is financial statement preparation and the second material journal entries. The Regional Office stated that it will use the DeKalb County Financial Office as a resource to review the financial statements to ensure that the financial statements are complete and accurate once the audit is complete. However, as mentioned above,

the ROE did not have adequate funding to hire personnel during the fiscal year to convert the financial statements from cash basis to accrual basis of accounting. However, the Regional Office is hopeful fiscal 2014 will be fully converted to accrual by the time of the next audit cycle. The Regional Office also noted that it has purchased an update of the accounting software and an independent accountant is being used to set up the accounting software and train existing personnel on how to record financial transactions on accrual basis throughout the year.