



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #20
EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE AND
WHITE COUNTIES

**FINANCIAL AUDIT (In Accordance with the Single
Audit Act and OMB Circular A-133)
For the Year Ended: June 30, 2010
Release Date: March 22, 2011**

Summary of Findings:
Total this audit: 2
Total last audit: 2
Repeated from last audit: 0

SYNOPSIS

- The Regional Office of Education #20 did not have sufficient internal controls over payroll.
- The Regional Office of Education #20 did not have sufficient internal controls over compliance with laws and regulations.

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

REGIONAL OFFICE OF EDUCATION #20
EDWARDS, HARDIN, GALLATIN, POPE, SALINE, WABASH, WAYNE AND
WHITE COUNTIES

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2010

	FY 2010	FY 2009
TOTAL REVENUES	\$2,795,707	\$2,683,922
Local Sources	\$404,578	\$499,235
% of Total Revenues	14.47%	18.60%
State Sources	\$1,754,207	\$1,640,566
% of Total Revenues	62.75%	61.13%
Federal Sources	\$636,922	\$544,121
% of Total Revenues	22.78%	20.27%
TOTAL EXPENDITURES		
Salaries and Benefits	\$2,026,710	\$2,025,821
% of Total Expenditures	71.03%	70.60%
Purchased Services	\$529,130	\$664,646
% of Total Expenditures	18.54%	23.16%
All Other Expenditures	\$297,516	\$179,151
% of Total Expenditures	10.43%	6.24%
TOTAL NET ASSETS		
	\$219,762	\$277,411
INVESTMENT IN CAPITAL ASSETS		
	\$44,523	\$61,301
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Lawrence Fillingim
Currently: Honorable Lawrence Fillingim

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INTERNAL CONTROL OVER PAYROLL

The Regional Office of Education #20 did not have sufficient internal controls over payroll.

The Regional Office of Education #20 did not have sufficient internal controls over payroll. The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system over the payroll process to prevent errors and fraud.

During testing of internal controls, auditors noted gross salary for 3 out of 40 employees had increased without documented authorization of the Regional Superintendent. Unauthorized changes in payroll rates could result in employees receiving incorrect payment for their services. (Finding 10-1, page 12a)

Auditors recommended that as part of its internal control over payroll, the Regional Superintendent should authorize all changes in salary. This can be accomplished with a new contract or a pay increase authorization signed by the Regional Superintendent.

The Regional Office of Education #20 responded that management will prepare and sign a document indicating any and all changes in salary.

CONTROLS OVER COMPLIANCE WITH LAWS AND REGULATIONS

The Regional Office of Education #20 did not have sufficient internal controls over compliance with laws and regulations.

The Regional Office of Education #20 did not have sufficient internal controls over compliance with laws and regulations. The statutory requirements of 105 ILCS 5/17-19 for establishing a line of credit by Regional Superintendents requires the following:

- The Regional Superintendent must approve the borrowing by Executive Order prior to obtaining any financing;
- The Regional Office of Education must obtain a letter from the Illinois State Board of Education documenting the amount of funding that is due to the Regional Office of Education; and
- Any loans taken out must be repaid within 60 days of receiving the funding from the Illinois State Board of Education.

The Regional Office of Education #20 obtained a line of credit on November 17, 2009 and on May 17, 2010. The Regional Office of Education did not prepare an executive order to approve the borrowing nor had the Regional Office received a

letter from the Illinois State Board of Education documenting the amount the State owed the Regional Office for the line of credit obtained on May 17, 2010. In addition, the amounts borrowed on the lines of credit were not repaid within 60 days of receiving funding from the Illinois State Board of Education. (Finding 10-2, page 12b)

The auditors recommended the Regional Office of Education #20 implement a policy for ensuring the Regional Office complies fully with all new regulations and mandates.

The Regional Office of Education #20 responded that it will (1) prepare an Executive Order prior to obtaining any financing, (2) be certain to obtain a letter from the Illinois State Board of Education documenting the amount of funding that is due to the Regional Office of Education, and (3) repay loans within 60 days of receiving the funding from the Illinois State Board of Education.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #20's financial statements as of June 30, 2010 are fairly presented in all material respects.

A handwritten signature in blue ink, appearing to read 'William G. Holland', is written over a horizontal line. A blue arrow points from the signature towards the text 'are fairly presented' in the paragraph above.

WILLIAM G. HOLLAND
Auditor General

WGH:JRB

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