

# REPORT DIGEST

REGIONAL OFFICE OF  
EDUCATION #30

JACKSON AND PERRY  
COUNTIES

FINANCIAL AUDIT

For the Year Ended:  
June 30, 2009

## Summary of Findings:

|                          |   |
|--------------------------|---|
| Total this audit         | 1 |
| Total last audit         | 1 |
| Repeated from last audit | 1 |

Release Date:  
July 8, 2010



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

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## SYNOPSIS

- The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process.

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

**REGIONAL OFFICE OF EDUCATION #30**  
**JACKSON AND PERRY COUNTIES**

**FINANCIAL AUDIT**

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

|  | <b>FY 2009</b> | <b>FY 2008</b> |
|--|----------------|----------------|
| <b>TOTAL REVENUES</b>                    | \$1,415,494    | \$1,431,329    |
| Local Sources                            | \$320,417      | \$290,346      |
| % of Total Revenues                      | 22.64%         | 20.29%         |
| State Sources                            | \$828,580      | \$836,665      |
| % of Total Revenues                      | 58.54%         | 58.45%         |
| Federal Sources                          | \$266,497      | \$304,318      |
| % of Total Revenues                      | 18.83%         | 21.26%         |
|  |                |                |
| <b>TOTAL EXPENDITURES</b>                | \$1,426,939    | \$1,448,040    |
| Salaries and Benefits                    | \$893,282      | \$863,536      |
| % of Total Expenditures                  | 62.60%         | 59.63%         |
| Purchased Services                       | \$376,721      | \$402,845      |
| % of Total Expenditures                  | 26.40%         | 27.82%         |
| All Other Expenditures                   | \$156,936      | \$181,659      |
| % of Total Expenditures                  | 11.00%         | 12.55%         |
|  |                |                |
| <b>TOTAL NET ASSETS</b>                  | \$529,482      | \$540,927      |
|  |                |                |
| <b>INVESTMENT IN CAPITAL ASSETS</b>      | \$79,754       | \$88,837       |
| Percentages may not add due to rounding. |                |                |

| <b>REGIONAL SUPERINTENDENT</b>  |
|---|
| During Audit Period: Honorable Robert Koehn<br>Currently: Honorable Donna Boros |

**FINDINGS, CONCLUSIONS AND**  
**RECOMMENDATIONS**

**CONTROLS OVER FINANCIAL STATEMENT  
PREPARATION**

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**The Regional Office of Education #30 did not have sufficient internal controls over the financial reporting process.**

The Regional Office of Education #30 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 #30 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains their 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 financial statement misstatements and disclosure omissions in a timely manner.

In their review of the Regional Office's accounting records, auditors noted that the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenues. While the Regional Office did maintain records to indicate the balances of cash, accounts receivable, accounts payable, and deferred revenues, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenues. The Regional Office's financial information required numerous adjusting entries to present the financial statements in accordance with generally accepted accounting principles.

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. (Finding 09-1, pages 11-12) **This finding was first reported in 2007.**

The auditors recommended that, as part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #30 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 #30 responded that it has entered into an intergovernmental agreement with the Jackson County Board to use the services of the County Administrative Assistant who is a degreed accountant. This individual will provide additional accounting expertise to prepare and/or review financial statements. In addition, the Regional Office noted that it is investigating accounting programs that will maintain complete and accurate records and present the financial statements in accordance with generally accepted accounting principles. The Regional Office noted that an accounting software program will be chosen by January 1, 2010, with full implementation by July 1, 2010. (For previous Regional Office response, see Digest Footnote #1.)

## **AUDITORS' OPINION**

Our auditors state the Regional Office of Education #30'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 West & Company, LLC.

## **DIGEST FOOTNOTES**

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

In its prior response in 2008, the Regional Office of Education #30 responded that it understands the nature of this finding and realizes that this circumstance is not unusual in an organization of this size. The Regional Office accepts the degree of risk associated with this condition because the added expense of seeking additional accounting expertise to prepare and/or review financial statements would take away from the funds available to provide educational services for the schools in the region.