



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #30
JACKSON AND PERRY COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2011

Release Date: July 10, 2012

Summary of Findings:

Total this audit:	1
Total last audit:	2
Repeated from last audit:	1

SYNOPSIS

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

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

REGIONAL OFFICE OF EDUCATION #30
JACKSON AND PERRY COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2011

	FY 2011	FY 2010
TOTAL REVENUES	\$1,392,462	\$1,453,221
Local Sources	\$321,317	\$316,205
% of Total Revenues	23.08%	21.76%
State Sources	\$818,941	\$875,810
% of Total Revenues	58.81%	60.27%
Federal Sources	\$252,204	\$261,206
% of Total Revenues	18.11%	17.97%
TOTAL EXPENDITURES	\$1,417,484	\$1,447,689
Salaries and Benefits	\$940,603	\$927,487
% of Total Expenditures	66.36%	64.07%
Purchased Services	\$299,400	\$359,594
% of Total Expenditures	21.12%	24.84%
All Other Expenditures	\$177,481	\$160,608
% of Total Expenditures	12.52%	11.09%
TOTAL NET ASSETS	\$509,992	\$535,014
INVESTMENT IN CAPITAL ASSETS	\$68,792	\$73,655
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Donna Boros Currently: Honorable Donna Boros

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

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 cash by fund, accounts receivable, or deferred revenue. While the Regional Office did maintain records to indicate the balances of cash, accounts receivable, and deferred revenue, there were no entries made by the ROE to reconcile their grant activity, such as posting grant receivables and deferred revenue. 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 11-01, 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 continued delay and timeliness of payments created a difficult situation for its office and certainly made the financial review and preparation of its financial statements complicated. The Regional Office noted that it completed its preparation and review procedures with the best information at the time. The Regional Office also noted that securing the services of its own certified public accountant was cost prohibitive. The Regional Office is working with the Jackson County Administrative Assistant who is a degreed accountant. The ROE noted that the individual will provide additional accounting expertise to prepare and/or review financial statements. The ROE noted that it is transitioning this process of consultation. The Regional Office noted that it has implemented a new accounting software system which should ensure that the financial statements are complete and accurate. The Regional Office also noted that its financial staff will work closely with the County Administrative Assistant to correct the issues involved in the finding. (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, 2011 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

AUDITORS ASSIGNED: West & Company, LLC, were our special assistant auditors.

DIGEST FOOTNOTES

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

In its prior response in 2010, the Regional Office of Education #30 responded that delayed, uncertain and untimely payments were devastating to the operations of the Office and made the financial review and preparation of the financial statements quite complicated.

The Regional Office noted that the State is well beyond the 60 days required for booking funds as accounts receivable and the Office did not receive full payment until December 2010. The Regional Office noted that it completed preparation and review procedures with the best information at the time.

The Regional Office also noted that securing the services of its own certified public accountant was cost prohibitive. Therefore, it contracted with the Jackson County Board to use the services of the County Administrative Assistant who is a degreed accountant. The ROE noted that the individual will provide additional accounting expertise to prepare and/or review financial statements. The ROE noted that it is currently in a transition period for facilitating and implementing this consultation. The Regional Office noted that it is currently working on implementation of a new accounting software system which should ensure that the financial statements are complete and accurate. The Regional Office also noted that its financial staff will work closely with the County Administrative Assistant to correct the issues involved in the finding.

In addition, the Regional Office noted that in regard to fixed assets, it maintains a database that documents purchases and depreciation timeframes. The Regional Office noted that in order to correct the condition of the finding, it will begin using a database that will not only document purchases and depreciation timeframes but will also calculate the depreciation and value of capital assets.