



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #33
KNOX COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2013

Release Date: July 10, 2014

Summary of Findings:

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

SYNOPSIS

- The Regional Office of Education #33 did not have sufficient internal controls over the financial reporting process.

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

REGIONAL OFFICE OF EDUCATION #33
KNOX COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2013

	FY 2013	FY 2012
TOTAL REVENUES	\$731,901	\$713,370
Local Sources	\$87,828	\$73,722
% of Total Revenues	12.00%	10.33%
State Sources	\$600,492	\$606,725
% of Total Revenues	82.05%	85.05%
Federal Sources	\$43,581	\$32,923
% of Total Revenues	5.95%	4.62%
TOTAL EXPENDITURES	\$735,116	\$752,261
Salaries and Benefits	\$632,148	\$627,636
% of Total Expenditures	85.99%	83.43%
Purchased Services	\$56,565	\$93,219
% of Total Expenditures	7.69%	12.39%
All Other Expenditures	\$46,403	\$31,406
% of Total Expenditures	6.31%	4.17%
TOTAL NET POSITION	\$80,729	\$83,944
INVESTMENT IN CAPITAL ASSETS	\$3,979	\$8,779
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Bonnie L. Harris
Currently: Honorable Bonnie L. Harris

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #33 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #33 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 #33 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. While the Regional Office maintains controls over the processing of most accounting transactions, 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's financial information prepared by the Regional Office, auditors noted the Regional Office did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable or unearned revenue. While the Regional Office did maintain records to indicate the balances of accounts receivable, accounts payable, and unearned revenue, not all entries were provided to reconcile the Regional Office's grant activity, such as posting grant receivables and unearned revenue.

According to the Regional Office management, they did not have adequate funding to hire and/or train their accounting personnel in order to maintain a system of internal control over the preparation of financial statements in accordance with GAAP. (Finding 2013-001, pages 11-12) **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 #33 should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable GAAP, GASB

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

The Regional Office of Education #33 responded that it is not able to hire and train any accounting personnel to perform all the procedures necessary to insure that the financial statements are complete and accurate due to limited funds. The Regional Office stated that it will continue to try, as funds allow, to employ someone who can prepare the financial statements in accordance with generally accepted accounting principles. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #33's financial statements as of June 30, 2013 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:JRB

AUDITORS ASSIGNED: Sulaski and Webb, CPAs were our special assistant auditors.

DIGEST FOOTNOTE

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

In its prior response in 2012, the Regional Office of Education #33 responded that it has limited funds to hire additional personnel to perform all of the procedures necessary to insure that the financial statements including disclosures are complete and accurate. The Regional Office stated that it will continue to try to employ someone who can implement a review procedure to ensure that the financial statements and disclosures are complete and accurate.