



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**
William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**REGIONAL OFFICE OF EDUCATION #34
LAKE COUNTY**

FINANCIAL AUDIT (In Accordance with the Single

Audit Act and OMB Circular A-133)

For the Year Ended: June 30, 2013

Release Date: May 15, 2014

Summary of Findings:

Total this audit: 1

Total last audit: 5

Repeated from last audit: 1

SYNOPSIS

The Regional Office of Education #34 did not have sufficient internal controls over the financial reporting process.

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

REGIONAL OFFICE OF EDUCATION #34
LAKE COUNTY

FINANCIAL AUDIT
(In Accordance with the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2013

	FY 2013	FY 2012
TOTAL REVENUES	\$6,361,489	\$7,049,218
Local Sources	\$1,867,997	\$1,711,713
% of Total Revenues	29.36%	24.28%
State Sources	\$3,469,459	\$3,996,180
% of Total Revenues	54.54%	56.69%
Federal Sources	\$1,024,033	\$1,341,325
% of Total Revenues	16.10%	19.03%
TOTAL EXPENDITURES	\$6,409,033	\$6,924,503
Salaries and Benefits	\$2,734,253	\$3,058,509
% of Total Expenditures	42.66%	44.17%
Purchased Services	\$957,215	\$1,111,829
% of Total Expenditures	14.94%	16.06%
All Other Expenditures	\$2,717,565	\$2,754,165
% of Total Expenditures	42.40%	39.77%
TOTAL NET POSITION	\$2,630,391	\$2,677,935
INVESTMENT IN CAPITAL ASSETS	\$17,851	\$20,951

Percentages may not add due to rounding.

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Roycealee Wood
Currently: Honorable Roycealee Wood

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #34 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #34 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 #34 did not have sufficient internal controls over the financial reporting process. 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 and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the Regional Office of Education #34's financial information prepared by the Regional Office, auditors noted that 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 balances of financial statement accounts, numerous material audit adjustments were proposed in order to ensure those balances were accurate. (Finding 2013-001, pages 13-14) **This finding was first reported in 2010.**

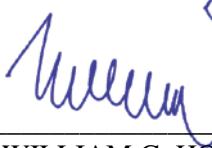
The auditors recommended that, as part of internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #34 should implement comprehensive preparation procedures to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education #34's activities and operations.

The Regional Office of Education #34 responded that it agrees with the finding and will continue to implement comprehensive preparation and review procedures to insure

that financial statements including disclosures are complete and accurate. The Regional Office stated that included in the corrective activities are continued consulting services and training to Lake ROE finance staff regarding preparation of financial statements (including review for completeness and accuracy). In addition, the Lake ROE has conducted additional training regarding successful use of the Lake ROE's financial management software and has contracted with a part-time business consultant who continues to review Lake ROE business procedures and controls. Finally, in an effort to streamline preparation of comprehensive financial statements, the Lake ROE will consolidate multiple installations of the financial management software during April 2014. This merged data system will be tested and validated by the end of Fiscal Year 2014. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #34's financial statements as of June 30, 2013 are fairly presented in all material respects.



WILLIAM G. HOLLAND

Auditor General

WGH:KJM

AUDITORS ASSIGNED: Winkel, Parker & Foster, CPA PC 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 #34 responded that it agrees with the finding and will continue to implement comprehensive preparation and review procedures to insure that financial statements including disclosures are complete and accurate. The Regional Office stated that included in the corrective activities are continued consulting services and training to Lake ROE finance staff regarding preparation of financial statements (including review for completeness and accuracy). In addition, the Lake ROE has conducted additional training regarding successful use of the Lake ROE's financial management software and has contracted with a part-time business consultant who is reviewing

Lake ROE business procedures and controls. Finally, in an effort to streamline preparation of comprehensive financial statements, the Lake ROE has begun consolidating multiple installations of the financial management software into one cohesive system by the end of Fiscal Year 2013.