



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #43
MARSHALL/PUTNAM/WOODFORD COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2012

Release Date: July 11, 2013

Summary of Findings:

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

SYNOPSIS

- The Regional Office of Education #43 did not have sufficient internal controls over the financial reporting process.

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

REGIONAL OFFICE OF EDUCATION #43
MARSHALL/PUTNAM/WOODFORD COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2012

	FY 2012	FY 2011
TOTAL REVENUES	\$717,639	\$805,985
Local Sources	\$119,191	\$109,546
% of Total Revenues	16.61%	13.59%
State Sources	\$559,419	\$552,685
% of Total Revenues	77.95%	68.57%
Federal Sources	\$39,029	\$143,754
% of Total Revenues	5.44%	17.84%
TOTAL EXPENDITURES	\$723,013	\$736,165
Salaries and Benefits	\$569,723	\$570,649
% of Total Expenditures	78.80%	77.52%
Purchased Services	\$103,795	\$110,379
% of Total Expenditures	14.36%	14.99%
All Other Expenditures	\$49,495	\$55,137
% of Total Expenditures	6.85%	7.49%
TOTAL NET ASSETS	\$424,492	\$429,866
INVESTMENT IN CAPITAL ASSETS	\$0	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Ronda Cross Currently: Honorable Phyllis Glazier (effective August 1, 2012)

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #43 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #43 is required to maintain a system of controls over the preparation of financial statements, including disclosures, 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 #43 did not have sufficient internal controls over the financial reporting process. The Regional Office maintains its 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.

Auditors, in their review of the ROE's accounting records, noted the following:

- The ROE did not maintain adequate controls over the financial reporting process and adjustments were required to present financial statements in accordance with generally accepted accounting principles.
- The ROE did not maintain complete records of accounts receivable, accounts payable, or deferred revenue.

According to Regional Office officials, 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 12-1, pages 10-11) **This finding was first reported in 2007.**

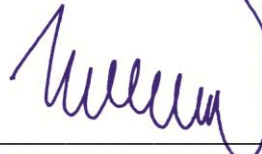
The auditors recommended that, as part of its internal control over the preparation of financial statements, including disclosures, the Regional Office of Education #43 should implement a comprehensive preparation and/or review

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 #43 responded that it understands the nature of this finding. The Regional Office accepts the degree of risk associated with this condition as this circumstance is quite common in organizations that are similar in size to the ROE. The Regional Office noted that it does not have the funds to employ a person who possesses both a thorough understanding of the ROE's activities and operations and the knowledge and understanding of generally accepted accounting principles (GAAP) and GASB pronouncements needed to produce financial statements with disclosures. In an attempt to address this situation, the ROE will make it a point to send staff to any state trainings that can help them better understand accrual basis accounting and reporting under GAAP. (For previous Regional Office response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #43's financial statements as of June 30, 2012 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

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

DIGEST FOOTNOTE

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

In its prior response in 2011, the Regional Office of Education #43 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. The Regional Office noted that the added expense of seeking a qualified accountant to prepare and review financial statements would diminish the limited available funds for educational services in the region. The Regional Office noted that management will monitor the internal controls and need for additional training and implement training as funding in the State budget allows. The Regional Office noted that it is ready to send staff to any state trainings that are offered to better understand accrual accounting and reporting under generally accepted accounting principles (GAAP).