



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #49
ROCK ISLAND COUNTY

FINANCIAL AUDIT (In Accordance with the Uniform Release Date: June 29, 2017
 Guidance)
 For the Year Ended: June 30, 2016

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2007	16-1		
Category 1:	0	1	1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- (16-1) The Regional Office of Education #49 did not have sufficient internal controls over the financial reporting process.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and/or **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with federal and/or State laws and regulations.

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

REGIONAL OFFICE OF EDUCATION #49
ROCK ISLAND COUNTY

FINANCIAL AUDIT
(In Accordance with the Uniform Guidance)
For The Year Ended June 30, 2016

	FY 2016	FY 2015
TOTAL REVENUES	\$4,367,172	\$4,239,734
Local Sources	\$382,415	\$433,688
% of Total Revenues	8.76%	10.23%
State Sources	\$2,925,769	\$2,901,393
% of Total Revenues	66.99%	68.43%
Federal Sources	\$1,058,988	\$904,653
% of Total Revenues	24.25%	21.34%
TOTAL EXPENDITURES	\$4,085,216	\$4,082,696
Salaries and Benefits	\$1,627,291	\$1,658,505
% of Total Expenditures	39.83%	40.62%
Purchased Services	\$1,343,389	\$1,590,118
% of Total Expenditures	32.88%	38.95%
All Other Expenditures	\$1,114,536	\$834,073
% of Total Expenditures	27.28%	20.43%
TOTAL NET POSITION	\$31,896	\$(250,060)
INVESTMENT IN CAPITAL ASSETS	\$53,752	\$46,075
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Tammy Muerhoff Currently: Honorable Tammy Muerhoff

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #49 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #49 (ROE) 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 ROE 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, detect, and correct financial statement misstatements and disclosure omissions in a timely manner.

During review of the ROE's financial information, prepared by the ROE, auditors noted the ROE did not have adequate controls to ensure financial statement balances were accurate. While the ROE did maintain records to indicate the balances of financial statement accounts, numerous material audit adjustments, including those required under GASB statements No. 34, No. 68 and No. 71, were proposed in order to ensure those balances were accurate.

According to the ROE's officials, management did not effectively detect all of the material adjustments, including those required under GASB statements No. 34, No. 68 and No. 71, needed in order to present financial statements in accordance with GAAP. (Finding 2016-001, pages 13-15) **This finding was first reported in 2007.**

The auditors recommended that as part of internal control over the preparation of financial statements, including disclosures, the ROE should implement a comprehensive

preparation and/or review procedure 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 ROE's activities and operations.

The ROE responded that it has four positions which have some form of direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas necessary in order to obtain a sufficient set of internal controls over financial statement preparation. There will be continued oversight and direct review of the financial statements of the ROE. Further, the ROE stated that opportunities to review and provide additional oversight will be pursued to ensure the utmost level of monitoring of all financial assets. (For previous Regional Office response, see Digest Footnote #1 located at the end of the digest.)

AUDITORS' OPINION

Our auditors state the Regional Office of Education #49's financial statements as of June 30, 2016 are fairly presented in all material respects.

This financial report was conducted by the firm of Winkel, Parker & Foster, CPA PC.

SIGNED ORIGINAL ON FILE

AMEEN DADA
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JRB

DIGEST FOOTNOTES

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

In its prior response in 2015, the Regional Office of Education responded that it has four positions which have some form of direct review, contact, and oversight of its financial statements. These individuals have attended and will continue to attend training opportunities to enhance their knowledge of the applicable accounting principles and other areas necessary in order to obtain a sufficient set of internal controls over financial statement preparation. The Regional Office noted there will be continued oversight, direct review, and contact of the financial statements of the Rock Island County Regional Office of Education. Further, the Regional Office stated that opportunities to review and provide additional oversight will be pursued to ensure the utmost level of monitoring of all financial assets.