



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #10
CHRISTIAN AND MONTGOMERY COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2015

Release Date: September 22, 2016

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	
Category 1:	1	0	1	No Repeat Findings
Category 2:	0	0	0	
Category 3:	0	0	0	
TOTAL	1	0	1	
FINDINGS LAST AUDIT: 0				

SYNOPSIS

- **(15-1)** The Regional Office of Education #10 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 #10
CHRISTIAN AND MONTGOMERY COUNTIES

FINANCIAL AUDIT
For The Year Ended June 30, 2015

	FY 2015	FY 2014
TOTAL REVENUES	\$1,377,033	\$1,453,391
Local Sources	\$193,411	\$231,170
% of Total Revenues	14.05%	15.91%
State Sources	\$1,058,057	\$1,086,799
% of Total Revenues	76.84%	74.78%
Federal Sources	\$125,565	\$135,422
% of Total Revenues	9.12%	9.32%
TOTAL EXPENDITURES	\$1,388,751	\$1,458,474
Salaries and Benefits	\$862,554	\$951,152
% of Total Expenditures	62.11%	65.22%
Purchased Services	\$452,122	\$435,059
% of Total Expenditures	32.56%	29.83%
All Other Expenditures	\$74,075	\$72,263
% of Total Expenditures	5.33%	4.95%
TOTAL NET POSITION	\$5,530 ¹	\$78,632
INVESTMENT IN CAPITAL ASSETS	\$19,734	\$5,143
¹ The FY 2015 beginning net position was restated by (\$61,384) due to a prior period adjustment for the new reporting requirements for pensions. Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT

During Audit Period: Honorable Marchelle Kassebaum*

*Effective July 1, 2015, ROE #10 was consolidated into ROE #3.

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**CONTROLS OVER FINANCIAL STATEMENT
PREPARATION**

**The Regional Office of Education
No. 10 did not have sufficient
internal controls over the
financial reporting process.**

The Regional Office of Education No. 10 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 of Education No. 10'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 No. 10 did not have sufficient internal controls over the financial reporting process in order to record and present the pension information in accordance with these standards. The ROE maintains its accounting records on the cash basis of accounting during the fiscal year and posts year-end accrual and other applicable entries for financial statement purposes. While the ROE maintains controls over the processing of most accounting transactions and prepares its financial statements, there were 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.

Through inquiries and discussions with the ROE's accounting personnel and Regional Superintendent, auditors noted that the ROE did not have adequate controls to record and report the ROE's net accrued pension liabilities/assets, deferred outflows of resources, deferred inflows of resources, and pension expenses in accordance with GAAP.

According to the ROE's management, the complex requirements of GASB Statements No. 68 and No. 71 were new for fiscal year 2015 and will require additional time and training before the ROE can fully implement the requirements on its own. (Finding 2015-001, pages 11a-11b)

The auditors recommended that since Christian/Montgomery Counties Regional Office of Education No. 10 has been dissolved and its counties merged with Bond, Effingham, and Fayette Counties Regional Office of Education No. 3, the Regional Office of Education No. 3 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 possessing a thorough understanding of the applicable GAAP, GASB pronouncements, and knowledge of the ROE's activities and operations.

The Regional Office of Education No. 10 responded it was unable to complete the reports needed for the audit largely due to the timing of the receipt of needed documents from IMRF. The timing of the receipt of necessary information to implement the new GASB Statements No. 68 and No. 71 did not allow sufficient time for the Regional Office to address the needs for the new requirements.

AUDITORS' OPINION

Our auditors state the Regional Office of Education No. 10's financial statements as of June 30, 2015 are fairly presented in all material respects.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:KJM

AUDITORS ASSIGNED: Kemper CPA Group LLP,
were our special assistant auditors.