



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION # 54
VERMILION COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2019

Release Date: January 22, 2020

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>	2010	19-1		
Category 1:	0	1	1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(19-1)** The Regional Office of Education #54 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 # 54
VERMILION COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2019

	FY 2019	FY 2018
TOTAL REVENUES	\$1,042,942	\$878,549
Local Sources	\$165,045	\$153,313
% of Total Revenues	15.82%	17.45%
State Sources	\$649,531	\$608,350
% of Total Revenues	62.28%	69.24%
Federal Sources	\$228,366	\$116,886
% of Total Revenues	21.90%	13.30%
TOTAL EXPENDITURES	\$1,001,080	\$852,943
Salaries and Benefits	\$357,636	\$338,550
% of Total Expenditures	35.73%	39.69%
Purchased Services	\$79,661	\$62,046
% of Total Expenditures	7.96%	7.27%
All Other Expenditures	\$563,783	\$452,347
% of Total Expenditures	56.32%	53.03%
TOTAL NET POSITION	\$326,949	\$285,087
INVESTMENT IN CAPITAL ASSETS	\$8,002	\$0
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Cheryl Reifsteck Currently: Honorable Cheryl Reifsteck

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #54 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education No. 54 (ROE) did not have sufficient internal controls over the financial reporting process. The ROE maintained its accounting records on the cash basis of accounting during the fiscal year and posted year-end accrual entries for financial statement purposes. While the ROE maintained controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of the generally accepted accounting principles (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.

The Regional Office is required to maintain a system of controls over the preparation of financial statements in accordance with GAAP. The ROE'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).

During review of the ROE's financial information prepared by the ROE, auditors noted the ROE's financial information required a material adjusting entry in order to present its financial statements in accordance with GAAP.

Regional Office management indicated a simple oversight in a non-routine transaction caused the material error. (Finding 19-001, pages 10 – 11) **This finding was first reported in 2010.**

The auditors recommended that as part of internal control over the preparation of financial statements, the ROE 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 ROE's activities and operations.

ROE Response: *The Regional Office of Education No. 54 acknowledges the one error in coding a non-routine transaction which caused the material finding. The bookkeeper has been informed of the incorrect coding and recognizes the error.*

Prior Year ROE Response: *ROE No. 54 contracted in the summer of 2018 with an independent CPA firm that currently audits Vermilion County accounts. The expectation was that this accountant would assist bookkeeping staff with the preparations of the financial statements and material adjusting entries. Since these county auditors do not have experience with Regional Offices of Education and our unique needs, the financial statements were not prepared to the extent that was required which resulted in a repeat finding.*

AUDITORS' OPINION

Our auditors state the Regional Office of Education #54's financial statements as of June 30, 2019 are fairly presented in all material respects.

This financial audit was conducted by the firm of West & Company, LLC.

SIGNED ORIGINAL ON FILE

JOE BUTCHER
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:JMM