DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St. S.W. Suite 1-156
Atlanta, Georgia 30334

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

January 9, 2012

Honorable Dr. Sandy Addis, Executive Director
Pioneer Regional Education Service Agency
P.O. Box 1789
1342 Highway 254
Cleveland, Georgia 30528-0033

Dear Executive Director Addis:

As part of our audit of the basic financial statements of the State of Georgia presented in the *State of Georgia Comprehensive Annual Financial Report*, and the issuance of the *State of Georgia Single Audit Report* pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2011, we have performed certain audit procedures at the Pioneer Regional Education Service Agency. Accordingly, the financial statements and compliance activities of the Pioneer Regional Education Service Agency were examined to the extent necessary in order to express an opinion as to the fair presentation of the financial statements contained in the foregoing documents and to issue reports on compliance and internal controls as required by the Single Audit Act Amendments of 1996.

This management report contains information pertinent to the financial and compliance activities of the Pioneer Regional Education Service Agency as of and for the year ended June 30, 2011 for the following areas:

- Audit Findings and Corrective Action Plans;
- Other Matters; and
- Distribution of the fiscal year 2011 *State of Georgia Single Audit Report.*

AUDIT FINDINGS AND CORRECTIVE ACTION PLANS

PRIOR AUDIT FINDINGS

If applicable, the finding control number and status of prior audit findings is presented at the beginning of the *Schedule of Findings and Questioned Costs* (Attachment "A") as a *Summary*

Schedule of Prior Year Findings and Questioned Costs. This summary schedule is for informational purposes and is subject to publication in the *State of Georgia Single Audit Report.*

CURRENT AUDIT FINDINGS

Current year audit findings, if any, are presented in the *Schedule of Findings and Questioned Costs* located in Attachment "A." These items are subject to publication in the *State of Georgia Single Audit Report.*

CORRECTIVE ACTION PLANS

In accordance with the Operational Procedure issued by the State Accounting Office, the management of your organization is responsible for preparing corrective action plans to address each of the current year audit findings disclosed in the *Schedule of Findings and Questioned Costs* located in Attachment "A." All corrective action plans are subject to being incorporated and published within the *State of Georgia Single Audit Report.*

The deadline for the submission of your organization's corrective action plans is January 27, 2012. If applicable, Attachment "C" is provided to give you guidance as to the type of information required in corrective action plans and examples of audit findings and organization responses. To assist your organization in preparing a timely response, we have also sent a copy of this letter (with the attachments) and a copy of your audit findings to Staci Newsome, the designated audit contact.

Your corrective action plans should be submitted directly online to the "*SAO Compliance System.*" Use the following link to access this system: https://saosters.state.ga.us/sars/.

Please note that no corrective action plan will be necessary if your organization's Attachment "A" does not report any current year audit findings.

OTHER MATTERS

In addition to the audit findings reported in Attachment "A," other matters may have come to our attention during our examination that need to be disclosed to you. Other matters, not properly addressed by your organization, could rise to the level of an audit finding in subsequent examinations. These other matters, if any, are discussed in Attachment "B."

DISTRIBUTION OF THE FISCAL YEAR 2011
STATE OF GEORGIA SINGLE AUDIT REPORT

We anticipate the fiscal year 2011 *State of Georgia Single Audit Report* will be issued on or before March 1, 2012. The State Accounting Office and the Department of Audits and Accounts

have procedures in place which will assist each of the organizational units of the State who was a recipient of Federal financial assistance in fulfilling their respective report distribution requirements, as specified by OMB Circular A-133. Upon completion of the statewide single audit, the State Accounting Office will transmit a copy of the *State of Georgia Single Audit Report* to each of the following governmental entities on your behalf:

(1) U. S. Bureau of the Census National Clearinghouse;
(2) Each Federal awarding agency for which audit findings have been reported, and;
(3) Each organization unit of the State including each State agency, authority, commission, college, university, technical college, etc., that provided Federal assistance to your organization.

In the event your organization received Federal financial assistance from someone other than those noted in (2) and (3) above, you may need to furnish them with a copy of the *State of Georgia Single Audit Report*. You will need to send a copy of the *State of Georgia Single Audit Report* (which will be available at a later date) if, in the *Schedule of Findings and Questioned Costs* or the *Summary Schedule of Prior Year Findings and Questioned Costs*, findings are disclosed relating to the Federal awards that the pass-through entity provided your organization. Upon request, the State Accounting Office will provide your organization with sufficient copies of the *State of Georgia Single Audit Report* in order that you may make necessary distributions to these "other" grantors. For your assistance, we have identified these "other" grantors below, if any:

(1) None

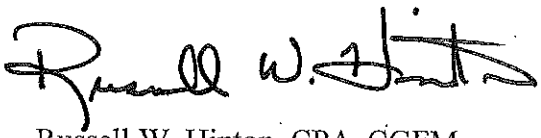
If your organization received Federal financial assistance from "other" grantors for which the *State of Georgia Single Audit Report* contains no findings, it is not necessary for you to send these grantors a copy of the report. You need only provide written notification to the pass-through entity that a single audit was performed in accordance with OMB Circular A-133 and that there were no findings associated with the Federal awards received from the pass-through entity. See Attachment "D" for an example of this letter, if applicable. For your assistance, we have identified these "other" grantors below, if any:

(1) None

Please note that if your organization was not a recipient of Federal financial assistance, the Report Distribution requirements, as described above, do <u>not</u> apply to your organization.

Thank you for your cooperation in the above matters. If you have any questions, please contact Lisa D. Johnson, Deputy Director, State Government Division at (404) 656-2180.

Respectfully,



Russell W. Hinton, CPA, CGFM
State Auditor

Attachments
CC: Pioneer Regional Educational Service Agency Board of Control
Staci Newsome

PIONEER REGIONAL EDUCATION SERVICE AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

None Noted

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING CONTROL NUMBER AND STATUS

None Noted

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None Noted

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Noted

PIONEER REGIONAL EDUCATIONAL SERVICE AGENCY
OTHER MATTERS
YEAR ENDED JUNE 30, 2011

ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE

Pioneer Regional Educational Service Agency (RESA) failed to meet deadlines established by the State Accounting Office (SAO) for the submission of forms, data and other information required for the preparation of the Comprehensive Annual Financial Report (CAFR). Our review revealed that the Nonappropriated Fund Balance form was not submitted to SAO by the prescribed deadline. Pioneer RESA should implement policies and procedures, as needed, to ensure that all forms, data and other information required by SAO for the preparation of the CAFR are submitted to SAO by the prescribed deadlines.