

PIONEER REGIONAL EDUCATIONAL SERVICE AGENCY
CLEVELAND, GEORGIA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR FISCAL YEAR ENDED
JUNE 30, 2013

Georgia Department of Audits and Accounts

Greg S. Griffin
State Auditor

PIONEER REGIONAL EDUCATIONAL SERVICE AGENCY

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

December 12, 2013

Mr. Justin Old, Executive Director
Pioneer Regional Educational Service Agency

Independent Accountant's Report on Applying Agreed-Upon Procedures

Ladies and Gentlemen:

We have performed the procedures enumerated below, which were agreed to by the Georgia Department of Education, solely to assist you and the Georgia Department of Education in assessing the accuracy of the financial information reported to the Georgia Department of Education for inclusion in the State's *Comprehensive Annual Financial Report (CAFR)* and *Single Audit Report.* Pioneer Regional Educational Service Agency's management is responsible for the financial information reported to the Georgia Department of Education. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the users specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Review the following balance sheet items reported on the annual financial statement worksheets, as applicable: cash, capital assets, accounts receivable, accounts payable, deferred revenues, lease obligations, and net position. Confirm that these items have adequate supporting documentation and are properly reconciled to the RESA's general ledger.

   The RESA reopened the accounting records for the fiscal year ended June 30, 2013 to make corrections after the information was provided for inclusion in the State of Georgia Comprehensive Annual Financial Report (CAFR). The changes made after the information was submitted are included as misstatements. The misstatements identified are as follows:

   Cash is overstated and Accounts Receivable is understated $24,702.88.

   Accounts payable is understated and related expenses are understated $549,640.18.

2. Obtain the RESA's worksheets for the Statement of Net Position and Statement of Activities, the Governmental Fund Statements, and the Fiduciary Statements submitted for inclusion in the State's CAFR and Single Audit. Utilizing test scripts, confirm that financial information presented in these worksheets properly supports activity reported in the RESA's accounting records.

   As noted in Item 1 above, misstatements were identified as a result of corrections to the financial statements after the information was submitted.

3. Obtain the RESA's worksheets for financial statement note information submitted for inclusion in the State's CAFR and Single Audit. Utilizing notes worksheets and other supporting documentation, confirm that note disclosures related to Cash, Investments, Accounts Receivables, Capital Assets, Long-Term Debt, and Lease Obligations have been properly reported.

   The cash collateralization note disclosure worksheet was understated $10,000.00.

   The state revenue note disclosure worksheet was understated $225,858.84. This was corrected in the information provided to the State Accounting Office for inclusion in the State of Georgia Comprehensive Annual Financial Report (CAFR).

4. Confirm that State Revenue from the Georgia Department of Education has been properly recorded in the RESA's accounting records.

   We did not note any exceptions as a result of our procedures.

5. Verify that the listing of salaries and travel reported to the Department of Audits is in accordance with O.C.G.A. §50-6-27 and reconciles to amounts recorded in the RESA's accounting records.

   We did not note any exceptions as a result of our procedures.

6. Review the Schedule of Expenditures of Federal Awards. Confirm that the information is properly presented and supported by the RESA's accounting records.

   We did not note any exceptions as a result of our procedures.

7. Review the capital asset records to ensure that (1) subsidiary ledgers are appropriately reconciled to the ledgers, (2) capitalization thresholds are being properly followed, and (3) a complete physical equipment inventory is being conducted in accordance with the Georgia Department of Education's Financial Management for Georgia Local Units of Administration (FMGLUA) and that issues noted during the physical inventory are being properly addressed by management.

   The current capital asset policy only refers to capitalizing all inventoried equipment over $5,000. The policy does not address buildings, land, and improvements, nor does the policy address the estimated useful life for each category.

8. Review bank reconciliations during the year under review to ensure that management is preparing them in accordance with the Georgia Department of Education's Financial Management for Georgia Local Units of Administration (FMGLUA) and that reconciling items are being addressed by management.

   Monthly reconciliations for two bank accounts were not prepared or approved until after the fiscal year end.

9. Review employee compensation records to ensure the following:

   a. all employees reported as the Executive Director and Chief Financial Officer were paid according to approved salary schedules and/or contracts;
   b. the highest paid five (5) employees, in addition to those identified in (a), have approved documentation to support the salary amount paid during the fiscal year; and
   c. all individual salary increases between the prior and current fiscal years that are greater than 10% are supported with approved documentation of the increase.

   Procedures were not in place to ensure that salary supplements were prorated for actual number of days employed, resulting in the possibility of incorrect salary payments.

10. Select the ten (10) highest individually significant vendor payments expensed during the fiscal year at each RESA and ensure that the expense was properly recorded on the accounting records, the total amounts paid to the vendor were appropriate, and sufficient supporting documentation was available.

    We did not note any exceptions as a result of our procedures.

These agreed-upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is to express an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Greg S. Griffin
State Auditor

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