

FOR ACTION

AGENDA ITEM:

August 21, 2012

SUBJECT: Business Office Internal Control Audit

That the Board of Education of Oak Park District 97 accept the FINAL document from McGladrey, LLP, specific to the Business Office Internal Control Audit conducted for the period of time July 1, 2011-April 30, 2012 reviewing the adopted Board policies and administrative services governing Cash Receipts, Cash Disbursements, Payroll, Student Activity Funds and Journal Entries, rendering the conclusion of no findings.

Oak Park School District 97
Oak Park, Illinois

Independent Accountant's Report on
Applying Agreed-Upon Procedures

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Education
Oak Park School District 97
970 West Madison
Oak Park, Illinois 60302

We have performed the procedures enumerated in the accompanying Description of Procedures Performed and Associated Findings, which were agreed to by management and the Board of Education of the Oak Park School District 97 ("District"), solely to assist you in evaluating the District's compliance with certain policies and procedures during the period from July 1, 2011 through April 30, 2012. Management is responsible for the District's compliance with these policies and procedures. 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 those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the accompanying Description of Procedures Performed and Associated Findings either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance and on the effectiveness of internal control over compliance. 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 use of the Board of Education and management of the District, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

Chicago, Illinois
August 15, 2012

Description of Procedures Performed and Associated Findings

The procedures performed and associated findings were as follows:

Cash Disbursements:

- 1) We obtained a copy of and read the following policies of the District: 6800 – System of Accounting; 6801 – System of Business Office Procedures; 6470 – Payment of Claims; 6320 – Purchasing Policy; 6321 – Approved Vendor Listing; and 6322 – Credit Card Policy & Usage.
- 2) We obtained a listing of all disbursements made during the period from July 1, 2011 through April 30, 2012 for all cash and investment accounts.
- 3) We randomly selected 30 disbursements for testing.
- 4) For each disbursements selected, we obtained the relevant documentation and verified the following, if applicable:
 - a. The check request was initiated by the user department and approved by the Principal/Director.
 - b. The check request was stamped dated received by the Accounts Payable Clerk, coded to the expense account and contains a clear description of expense.
 - c. The check request had been approved by the Fiscal Services Administrator.
 - d. The check request was approved by the Assistant Superintendent for Finance & Operations.
 - e. The check amount agreed to the related invoice and check request.
 - f. The disbursement was made to a vendor that is included on the approved vendor listing.
 - g. The check was listed as cleared on the related bank statement.
 - h. The check contained the 2 board members authorized signatures that are automatically generated from the system.
 - i. If the purchase was in excess of \$5,000, the Assistant Superintendent for Finance & Operations or his/her designee considered the acquisition of 3 price quotations without advertising of bids.
 - j. If the purchase was in excess of \$15,000, a Request for Proposal was considered to ensure the District received the most competitive price.
 - k. If the purchase was in excess of \$25,000, the District followed the competitive bidding guidelines as specified in the Illinois School Code.
 - l. The disbursement was approved by the Board and documented in the board minutes.
 - m. Expenditures relating to Employee Reimbursements were made in accordance with the School District policies regarding such disbursements.
 - n. The related purchase order was signed by individual receiving the goods.
 - o. Expenditures relating to Professional Development & Travel Reimbursements were made in accordance with the School Districts policies regarding such disbursements.
 - p. For disbursements relative to cell phone reimbursements, the reimbursed individual was on the approved cell phone distribution listing.
 - q. For credit card expense reimbursements, the reimbursed individual was on the approved credit card listing.
 - r. For credit card expense reimbursements, the expenses were reviewed by the Assistant Superintendent for Finance & Operations prior to payment and contained itemized receipts for all purchases.

Cash Receipts:

- 1) We obtained a copy of and read the following policies of the District: 6800 – System of Account; and 6801 – System of Business Office Procedures.
- 2) We obtained a listing of all receipts during the period from July 1, 2011 through April 30, 2012 for all cash and investment accounts.
- 3) We randomly selected 30 receipts for testing.
- 4) For each receipt selected, we obtained the relevant documentation and verified the following, if applicable:
 - a. The individual receipt amount agreed to the daily cash report prepared by Business Office Secretary.
 - b. The total on the daily cash report agreed to the deposit slip.
 - c. The total of the deposit slip agreed to the deposit amount per the bank statement.
 - d. Through sighting the applicable bank statement, the receipt was deposited at the bank within five days of recording.
 - e. The monthly bank reconciliation which included the deposit was reviewed and approved by the Assistant Superintendent for Finance & Operations.

Student Activity Accounts Disbursements:

- 1) We obtained a copy of and read the following policies of the District: 6800 – System of Accounting; 6801 – System of Business Office Procedures; 6320 – Purchasing Policy; 6321 – Approved Vendor List; and 6423 – Credit Card Policy & Usage.
- 2) We obtained a listing of all disbursements related to the student activity accounts during the period from July 1, 2011 through April 30, 2012.
- 3) We randomly selected 10 disbursements for testing.
- 4) For each disbursement selected, we obtained the relevant documentation and verified the following, if applicable:
 - a. The check request was initiated by the user department and approved by the Principal/Director.
 - b. The check request was stamped dated received by the Accounts Payable Clerk, coded to the expense account and contains a clear description of expense.
 - c. The check request had been approved by the Fiscal Services Administrator.
 - d. The check request was approved by the Assistant Superintendent for Finance & Operations.
 - e. The check amount agreed to the related invoice and check request.
 - f. The disbursement was made to a vendor that is included on the approved vendor listing.
 - g. The check was listed as cleared on the related bank statement.
 - h. If the purchase was in excess of \$5,000, the Assistant Superintendent for Finance & Operations or his/her designee considered the acquisition of 3 price quotations without advertising of bids.
 - i. If the purchase was in excess of \$15,000, a Request for Proposal was considered to ensure the District received the most competitive price.
 - j. If the purchase was in excess of \$25,000, the District followed the competitive bidding guidelines as specified in the Illinois School Code.
 - k. The disbursement was approved by the Board and documented in the board minutes.
 - l. Expenditures relating to Employee Reimbursements were made in accordance with the School District policies regarding such disbursements.

- m. The monthly bank reconciliation was reviewed and approved by the Assistant Superintendent for Finance & Operations.
- n. Expenditures relating to Professional Development & Travel Reimbursements were made in accordance with the School Districts policies regarding such disbursements.
- o. For disbursements relative to cell phone reimbursements, the reimbursed individual was on the approved cell phone distribution listing.
- p. For credit card expense reimbursements, the reimbursed individual was on the approved credit card listing.
- q. For credit card expense reimbursements, the expenses were reviewed by the Assistant Superintendent for Finance & Operations prior to payment and contained itemized receipts for all purchases.

Journal Entries:

- 1) We obtained a copy of and read the following policies of the District: 6801 – System of Account; and 6802 – System of Business office Procedures.
- 2) We obtained a listing of all manual journal entries posted during the period from July 1, 2011 through April 30, 2012.
- 3) We randomly selected 10 entries for testing.
- 4) For each entry selected, we performed the following:
 - a. We sighted supporting documentation for the journal entry.
 - b. We sighted approval of the journal entry by the Assistant Superintendent for Finance & Operations.

Payroll:

- 1) We obtained a copy of and read the following policies of the District: 6800 – System of Accounting; 6801 – System of Business Office Procedures; 6323 – Payroll; and 6510 – Payroll Authorization.
- 2) We obtained a listing of all disbursements related to payroll during the period from July 1, 2011 through April 30, 2012.
- 3) We randomly selected 30 payroll related disbursements for testing.
- 4) For each payroll related disbursement selected, we performed the following:
 - a. We sighted the employee's employment application form.
 - b. We sighted approval documentation by the human resources supervisor and head of the department prior to hiring.
 - c. We sighted the individual's personnel file that is maintained by the District.
 - d. We sighted the timesheet signed by the department head and compared the hours worked per the time card to hours paid (if hourly).
 - e. We recalculated gross pay based on either (hrs worked * payroll) or (salary/26 pays per yr/22 pays per yr for aides).
 - f. We compared the pay rate or salary to supporting pay schedules or personnel files.
 - g. We traced the disbursement to the applicable payroll register.
 - h. We traced the disbursement to the posting in the general ledger.
 - i. We compared the account number charged in the general ledger to the description of the employees department for reasonableness.

There were no exceptions or findings noted as a result of the above procedures performed.