



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

**FINANCIAL AUDIT (In accordance with the Single
Audit Act and OMB Circular A-133)
For the Year Ended: June 30, 2011
Release Date: April 17, 2012**

Summary of Findings:
Total this audit: 1
Total last audit: 1
Repeated from last audit: 1

SYNOPSIS

- The South Cook Intermediate Service Center #4 did not have sufficient internal controls over the financial reporting process.

{Revenues and expenditures are summarized on the reverse page.}

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

FINANCIAL AUDIT
(In Accordance with Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2011

	FY 2011	FY 2010
TOTAL REVENUES	\$5,949,158	\$7,875,162
Local Sources	\$1,434,664	\$1,251,432
% of Total Revenues	24.12%	15.89%
State Sources	\$2,434,367	\$2,913,574
% of Total Revenues	40.92%	37.00%
Federal Sources	\$2,080,127	\$3,710,156
% of Total Revenues	34.97%	47.11%
TOTAL EXPENDITURES		
Salaries and Benefits	\$7,802,189	\$7,958,109
% of Total Expenditures	\$4,563,710	\$4,200,327
Purchased Services	58.49%	52.78%
All Other Expenditures	\$2,475,112	\$2,948,415
% of Total Expenditures	31.72%	37.05%
	\$763,367	\$809,367
	9.78%	10.17%
TOTAL NET ASSETS		
	\$8,573,396	\$10,426,427
INVESTMENT IN CAPITAL ASSETS		
	\$3,472,111	\$3,600,257
Percentages may not add due to rounding.		

EXECUTIVE DIRECTOR

During Audit Period: Dr. Vanessa Kinder
Currently: Dr. Vanessa Kinder

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The South Cook Intermediate Service Center #4 did not have sufficient internal controls over the financial reporting process.

The South Cook Intermediate Service Center #4 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). South Cook Intermediate Service Center #4's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

The South Cook Intermediate Service Center #4 did not have sufficient internal controls over the financial reporting process. The Service Center maintains its accounting records on the cash basis of accounting. While the Service Center maintains controls over the processing of most accounting transactions, there are 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. For example, auditors, in their review of the Service Center's accounting records noted the following:

- The Service Center did not have adequate controls over the maintenance of complete records of accounts receivable, accounts payable, or deferred revenue.
- Numerous adjustments were required to present financial statements in accordance with generally accepted accounting principles.

According to South Cook Intermediate Service Center #4's officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements. (Finding 11-1, pages 11-12) **This finding was first reported in 2008.**

The auditors recommended that, as part of its internal control over the preparation of financial statements, including disclosures, the South Cook Intermediate Service Center #4 should implement comprehensive preparation and/or review procedures to ensure that financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally

accepted accounting principles, GASB pronouncements, and knowledge of the Intermediate Service Center's activities and operations.

The South Cook Intermediate Service Center #4 responded that it has discussed the options concerning the capabilities of preparing financial statements, including complete footnote disclosures that would not require significant changes by the auditor. The Intermediate Service Center believes that it would not be cost beneficial to hire another employee or service provider to perform such a task. They are confident in the abilities of the accounting/bookkeeping staff to prepare cash basis financial information as needed for reporting purposes throughout the year. The South Cook Intermediate Service Center #4 noted that in addition, the Bloom Township Treasurer's Office also oversees all financial statement preparation. The South Cook Intermediate Service Center #4 also noted that management will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region. (For previous Intermediate Service Center response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the Intermediate Service Center #4's financial statements as of June 30, 2011 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:JRB

AUDITORS ASSIGNED: Bass, Solomon, and Dowell, LLP were our special assistant auditors for this audit.

DIGEST FOOTNOTES

#1: Controls Over Financial Statement Preparation - Previous Intermediate Service Center Response

In its prior response in 2010, the South Cook Intermediate Service Center #4 responded that it has discussed the options concerning the capabilities of preparing financial statements, including complete footnote disclosures, that would not

require significant changes by the auditor. The Intermediate Service Center believes that it would not be cost beneficial to hire another employee or service provider to perform such a task. They are confident in the abilities of the accounting/bookkeeping staff to prepare cash basis financial information as needed for reporting purposes throughout the year. The South Cook Intermediate Service Center #4 will pursue additional training when it is considered cost beneficial since training costs would take away from the funds available to provide educational services for the schools in the region.