



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, 2013
Release Date: March 26, 2014**

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 the Single Audit Act and OMB Circular A-133)
For The Year Ended June 30, 2013

	FY 2013	FY 2012
TOTAL REVENUES	\$6,977,034	\$6,480,942
Local Sources	\$2,041,830	\$1,702,831
% of Total Revenues	29.27%	26.27%
State Sources	\$1,854,202	\$2,302,428
% of Total Revenues	26.58%	35.53%
Federal Sources	\$3,081,002	\$2,475,683
% of Total Revenues	44.16%	38.20%
TOTAL EXPENDITURES	\$6,573,610	\$7,151,411
Salaries and Benefits	\$4,534,015	\$4,714,879
% of Total Expenditures	68.97%	65.93%
Purchased Services	\$1,467,128	\$1,898,820
% of Total Expenditures	22.32%	26.55%
All Other Expenditures	\$572,467	\$537,712
% of Total Expenditures	8.71%	7.52%
TOTAL NET POSITION	\$8,306,351	\$7,902,927
INVESTMENT IN CAPITAL ASSETS	\$3,218,313	\$3,327,593
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, skills and experience to prepare GAAP based financial statements 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 during the fiscal year and posts year-end accrual entries for financial statement purposes. While the Service Center maintains controls over the processing of most accounting transactions, there were not sufficient controls over the preparation of 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 Intermediate Service Center #4's financial information prepared by the Service Center, 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.
- The Service Center's financial information required material adjusting entries related to the conversion of its financial statements from cash to accrual basis of accounting based on documentation provided by the South Cook Intermediate Service Center in order to present its financial statements in accordance with generally accepted accounting principles. Proposed adjusting entries were approved and accepted by the South Cook Intermediate Service Center #4.

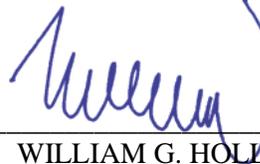
According to South Cook Intermediate Service Center #4's management, they did not have adequate funding to hire and/or train accounting personnel in order to comply with these requirements. (Finding 2013-001, pages 11-12) **This finding was first reported in 2008.**

The auditors recommended that, as part of internal control over the preparation of financial statements, South Cook Intermediate Service Center #4 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 Intermediate Service Center's activities and operations.

The South Cook Intermediate Service Center #4 responded that like many Illinois governmental agencies and school districts, it has seen drastic budget cuts over the past three years. South Cook stated that it does not have a Certified Public Accountant (CPA) on staff to prepare financial statements with footnote disclosures. The additional funding spent to employ a CPA would take away from funds that are available to provide educational services to the 66 schools in the region. The Service Center noted that the Bloom Township Treasurer's Office oversees all financial statement preparation. 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, 2013 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.

DIGEST FOOTNOTE

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

In its prior response in 2012, the South Cook Intermediate Service Center #4 responded that to prepare financial statements with footnote disclosures, it would require additional staff/personnel, and at this time it would not be cost beneficial to hire another employee to perform the task. The Intermediate Service Center #4 noted that it is confident in the abilities of the accounting/ bookkeeping staff to prepare cash basis financial information as needed for reporting purposes throughout the year. The Intermediate Service Center #4 also noted that the Bloom Township Treasurer's Office oversees all financial statement preparation. The ISC #4 stated 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.