



**ROCKFORD BOARD OF EDUCATION
REQUEST FOR PROPOSAL ON SUPPLIES, MATERIALS, EQUIPMENT OR
SERVICES FOR SCHOOL DISTRICT NO. 205
ROCKFORD, ILLINOIS**

RFP No. **19-18 Financial and Compliance Audit Services**

DATE: **February 1, 2019**

RE: **ADDENDUM NO. 2**

To All Bidders:

Included are modifications, clarifications and/or corrections for the Project Manual and are hereby made a part of the contract documents. Please attach this addendum to the Project Manual(s) in your possession. Please note the receipt of this addendum on the bid form. Bidders shall review changes to all portions of this work as changes to one portion may affect the work of another.

If you plan to hand deliver your RFP submission on the due date, please note you must check in on the 2nd floor prior to coming to the bid opening. Please allow time for this as late submission will not be accepted.

Refer all questions relative to the business aspect, Instructions to Bidders, Special Conditions, and questions concerning the technical aspect of the documents to the Director of Purchasing by email at purchasingdeptstaff@rps205.com.

CLARIFICATIONS

This addendum includes responses to Requests for Information (RFI) submitted to date and a report on the statements of cash receipts and disbursements of the activity funds of the District.

ROCKFORD BOARD OF EDUCATION

By: Dane Youngblood
Director of Purchasing

CLARIFICATIONS

Below are Requests for Information (RFI) submitted to date, along with corresponding responses:

1. In the District's proposal we noted that final fieldwork is requested to be completed by September 30, and that all reports are to be issued by October 15. We noted that the FY 2018 and FY 2017 audits were both issued in December and the FY 2016 audit was issued by November 15. Is the District open to issuance dates after October 15 if mutually agreed upon?
 - a. Yes, we are open to this. Drafts will be required by October 15th to get through our internal review and Committee review, with Board approval on November 15th.
2. When is the District ready for the audit process to begin? Does the District provide the auditor with all requested items for final fieldwork on the first day of the audit or are these items received throughout the engagement?
 - a. The audit process begins September 5th. Work papers are complete by the first day of audit with the exception of the 60 day recognition accruals for grants.
3. How many staff and days was the District's current audit provider at the District for as it relates to their planning procedures and final fieldwork? What timeframe for these procedures to be performed works best for the District?
 - a. May 7-9th (2 staff tested student activity funds) Financial preliminary (5 staff) June 11-15th. Final fieldwork 3-5 staff members were on site for 3 weeks.
4. Does the District have documented procedures and internal controls for the finance department? Have there been any significant changes in the District's internal controls for fiscal year 2019?
 - a. Yes, the District has documented procedures and internal controls. No, there have not been significant changes for FY19.
5. Where any audit adjustments identified during the fiscal year 2018 audit, if so can you please provide or quantify the number of adjustments and the areas they relate to in the financials?
 - a. Yes, 2 audit entries completed – both immaterial. See CAFR on website.
6. The District's RFP indicates that the external auditor will prepare a "Report on the Statements of Cash Receipts and Disbursements of the Activity Funds of the District". It would appear that these are separate reports, can you please provide a copy of the reports that were issued for fiscal year 2018?
 - a. See attached.
7. Can you please provide a copy of the State and Adult Education and Family Literacy reports that were issued for fiscal year 2018?
 - a. ICCB report (last section of CAFR) on website.
8. What accounting system is utilized for the District's Student Activity Funds? Are these records centralized or decentralized? Are there written policies and procedures in place for these Funds?
 - a. Intouch is used for activity funds, program is accessible centrally but paperwork held at school sites. Yes there are policies and procedures in place.

9. Does the District provide the external auditor with a trial balance that is adjusted for all year end modified accrual balances in addition to supporting workpapers for these amounts? Does the District require any assistance from the external auditor in calculating these year end balances, if so please itemize which areas of assistance are required within the scope of the proposal?
 - a. Yes, we provided TB and work papers. No assistance is not needed in calculating year end balances.
10. How does the District track capital asset balances reported in the financial statements? Does the District require any assistance from the auditor regarding these balances, if so please itemize which areas of assistance are required within the scope of the proposal?
 - a. Assets are tracked within ledger system.
11. Does the District provide the external auditor adjusting entries for the preparation of the government-wide financial statements in addition to supporting workpapers for these entries? Does the District require any assistance in calculating these amounts, if so please itemize which areas of assistance are required within the scope of the proposal?
 - a. The District provides supporting work papers and provides entries for GWFS and LTDG.
12. Does the District require any assistance from the external auditor in obtaining information outside of the financial section of the statistical section of the CAFR or does the District research this information and provide to the auditor, if so please itemize which areas of assistance are required within the scope of the proposal?
 - a. We provide statistical information, no assistance required.
13. Does the District prepare any of the reports as listed in the requirements/deliverables section of the RFP or does the District rely on the external auditor to prepare these reports from information provided by the District? If the District relies on the external auditor to prepare certain reports will the District be able to provide the templates utilized to prepare this information from the prior year? (Schedule of Expenditures of Federal Awards, State Adult Education and Family Literacy, Student Activity Fund Reports, ect)
 - a. District prepares Schedule of Expenditures of Federal Awards.
14. Does the District provide the external auditor with read only access to the accounting system so that invoices and other pertinent information can be researched/reviewed throughout the course of the audit?
 - a. Yes.
15. Does the District utilize separate and distinct account numbers to track federally funded program expenditures? Does the District utilize separate and distinct account numbers to track state funded programs?
 - a. Yes for both. We must follow IPAM.
16. Would the District be open to presenting certain funds as major in the CAFR that were previously consolidated with the General Fund and Non-Major Governmental Funds?
 - a. We could discuss this.
17. Has the District ever considered consolidating the net internal service fund activity into the Education Fund (or other funds) within the ISBE AFR Form? Per review of the FY 2018 CAFR and FY 2018 AFR it appears that the AFR excludes the entire internal service fund balances. Is the District aware of specific guidance that requires these balances to be excluded from the AFR?
 - a. We would be open to that discussion.

18. The RFP states that the District has 3 charter schools, per review of the District's FY 2018 AFR it would appear that no payments were made to charter schools in FY 2018 as the amounts reported in 1115 function code "Tuition Payments to Charter Schools" presents as zero balance? Will the District be required to make payments to charter schools for the period audit services are being procured?
 - a. Yes.

19. Does the District pass through any federal or state funding directly to the Charter Schools and have oversight responsibilities for federal/state program compliance?
 - a. Not as pass through funds.

20. In the proposal the District has requested that the auditor review the work of the actuarial firm who determines the District's liability for early retirement. Can you please expand upon the expectations of "review". Certain audit procedures will be applied against the assumptions and census data used for this valuation as required under auditing standards, is the District requesting additional assistance outside of the audit procedures? Can you please provide the name of the actuary firm utilized by the District?
 - a. Standard audit procedures is sufficient.

21. Would the District be open to including a reconciliation schedule in the notes for the on-behalf payment so that this amount can be excluded from the General Fund budget to actual schedule? Furthermore would the District be open to the presentation of the on-behalf expense that is not allocated functionally?
 - a. Yes.

22. Has the District ever considered removing the Combining schedule for the Educational Accounts-By Subaccount, these schedules are not required under GAAP?
 - a. We have, but the Board would like it included.

23. How much did the District pay for audit services relating to the fiscal year 2018 audit? Did the District procure any additional services from the current provider for the fiscal year 2018 audit?
 - a. No.



**ROCKFORD PUBLIC SCHOOLS,
DISTRICT #205
ROCKFORD, ILLINOIS**

MANAGEMENT LETTER ON
ACTIVITY FUNDS

For the Year Ended June 30, 2018



SIKICH.COM

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Rockford, IL 61101
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December 6, 2018

Michelle Jahr
Chief Financial Officer
Rockford Public Schools, District# 205
Rockford, Illinois

Dear Ms. Jahr:

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rockford Public Schools, District #205 (the District) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we performed procedures related to the student activity accounts for the following schools:

Froberg Elementary School
Thurgood Marshall Middle School
Eisenhower Middle School
Auburn High School

The memorandum that accompanies this letter summarizes the exceptions noted for transactions not in accordance with District policy. We previously reported on the District's internal control in our letter dated December 6, 2018.

We are available to discuss these in further detail at your convenience, and to perform any additional study of these matters.

SiKich LLP

Rockford, Illinois
December 6, 2018

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205
ROCKFORD, ILLINOIS**

ACTIVITY FUND REVIEW

June 30, 2018

Schools Tested

Froberg Elementary School
Thurgood Marshall Middle School
Eisenhower Middle School
Auburn High School

Summary of Review Procedures

In conjunction with the procedures performed for the financial statement audit of Rockford Public Schools, District# 205 for the year ended June 30, 2018, we performed certain procedures on the student activity funds for the schools listed above. The procedures we performed can be summarized under five categories for each school: Procedures related to timeliness, procedures related to cash receipts, procedures related to cash disbursements and purchases, procedures related to bank reconciliations, and procedures related to required reporting.

For the testing of Elementary and Secondary Schools, we based our criteria upon *the Cash Handling Procedures*.

The summaries by school in the following pages reflect the exceptions noted and the number of occurrences related to each procedure tested.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205
ROCKFORD, ILLINOIS**

**FROBERG ELEMENTARY SCHOOL
ACTIVITY FUND**

June 30, 2018

The following is a summary of the findings of noncompliance noted during our testing at Froberg Elementary School based upon our review of *the Cash Handling Procedures*.

Comments

Deposit Procedures:

We noted 2 out of 8 deposits tested, where the amount received was not deposited within one week of receipt.

We recommend all funds received are deposited within one week of receipt.

Document Retention:

We noted 2 out of 20 transactions did not have a receipt. We noted both of these amounts included the check stub with approval by the school principal.

We recommend that receipts are obtained and retained for all purchase.

Disbursements:

We noted 7 transactions out of 20 tested were improperly charged sales tax.

We recommend that all employees are reminded of the District's sales tax exemption and are advised to use the exemption. Further, we recommend that any sales tax paid is rectified with the vendor.

We noted that all of the transactions tested did not include a purchase order. However, all purchases were signed with approval by the school principal.

We recommend that purchase orders are used where applicable.

We noted in one disbursement out of 20 tested that the check issued by the School did not agree to the invoice retained as support.

We recommend the school ensure checks are written for the correct amounts. Checks should be voided and reissued if discrepancies are noted.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205
ROCKFORD, ILLINOIS**

**THURGOOD MARSHALL MIDDLE SCHOOL
ACTIVITY FUND**

June 30, 2018

The following is a summary of the findings of noncompliance noted during our testing at Thurgood Marshall School based upon our review of *the Cash Handling Procedures*.

Comments

Deposit Procedures:

We noted 5 out of 20 deposits tested that the amount received was not deposited within one week of receipt.

We recommend all funds received are deposited within one week of receipt.

We noted in 1 of 20 deposits tested that there was no support for the deposit made. In discussions with the financial technician, it was noted that a student gave money to a coach for a shirt. The Coach then took the money and wrote a check to the school for the amount of the purchase. The check from the coach was subsequently returned as NSF. The school credited the students account for the amount paid, and this was subsequently reimbursed by the coach.

We recommend the financial technician do not accept funds from coaches. Students should bring their funds directly to the office.

Improper Approval/Review:

We noted that all of the transactions tested did not include a purchase order. However, all purchases (except one) were signed with approval by the school principal.

We recommend that purchase orders are used where applicable. Additionally, we recommend that all receipts are reviewed and approved, to include physical documentation of the approval. This review should include a comparison of the receipt to the purchase order as well as verification of the clerical accuracy of the purchase.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205
ROCKFORD, ILLINOIS**

**EISENHOWER MIDDLE SCHOOL
ACTIVITY FUND**

June 30, 2018

The following is a summary of the findings of noncompliance noted during our testing at Eisenhower Middle School based upon our review of *the Cash Handling Procedures*.

Comments

Deposit Procedures:

We noted 1 out of 22 deposits tested did not have the supporting deposit slip retained.

We recommend that appropriate supporting documentation is obtained and retained for all transactions.

We noted 2 out of 22 deposits tested that the amount received was not deposited within one week of receipt.

We recommend all funds received are deposited within one week of receipt.

Document Retention:

We noted 1 out of 25 transactions tested did not have quotes for a purchase in excess of \$5,000.

We recommend the finance technician request and retain quotes for all purchases in excess of \$5,000.

Disbursements:

We noted in 1 disbursement out of 20 tested that the check issued by the School was cashed for a different (lower) amount than it was originally issued for.

We recommend the school ensure checks are written for the correct amounts. Checks should be voided and reissued if discrepancies are noted.

**ROCKFORD PUBLIC SCHOOLS, DISTRICT #205
ROCKFORD, ILLINOIS**

**AUBURN HIGH SCHOOL
ACTIVITY FUND**

June 30, 2018

The following is a summary of the findings of noncompliance noted during our testing at Auburn High School based upon *the Cash Handling Procedures*.

Comments

Deposit Procedures:

We noted 2 out of 20 deposits tested where the amount received was not deposited within one week of receipt.

We recommend all funds received are deposited within one week of receipt.

We noted in 1 out of 20 deposits tested where the deposit slip was not dated.

We recommend the financial technician ensure all deposit slips are appropriately dated.

Improper Approval/Review:

We noted 20 out of 25 transactions tested were not stamped paid and did not include the date paid.

We recommend the financial technician stamp the invoices paid and write the date paid.

Document Retention:

We noted the supporting documentation was not maintained for many checks that were voided during the year.

We recommend the financial technician maintain support for any checks voided.