

GLENBROOK HIGH SCHOOLS
Office of the Assistant Superintendent for Business
Regular Meeting Monday, March 19, 2012

TO: Dr. Michael Riggle

FROM: Hillarie Siena

DATE: March 19, 2012

RE: Approval of Audit Firm

It is recommended that the Board of Education

Approve the proposal submitted by Miller Cooper & Co., Ltd. to perform the 2011-12 audit services for the amount of \$37,500. This represents an increase of 6.38% over last year's base fee, not including any fees relative to the collection of additional statistical data. The recommendation is for approval of the current fiscal year services only.

Background

Attached is a copy of the engagement letter for the 2011-12 Comprehensive Annual Financial Report. If there are any areas that the Board would like to have specifically addressed regarding the CAFR, please forward them to me at your earliest convenience. The Business Office plans to continue working with the auditors in preparation for mandatory reporting requirements.

Andrew L. Mace, principal, specializes in school district audits and is a well-known and respected expert in the field of school fund accounting and compliance issues. Based on the above, it is in the best interest of the District to retain the services of Miller Cooper & Co., Ltd.

HS/hjs

Attachment

pc: Board of Education
Dr. Michael Riggle
Dr. Rosanne Williamson
Mr. A. J. Adams

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

March 13, 2012

Board of Education
Glenbrook High School District 225
1835 Landwehr Road
Glenview, Illinois 60025-1241

Attention: Board of Education

This letter is to confirm our understanding of the arrangements for the services we are to perform for the Glenbrook High School District 225 for the year ending June 30, 2012.

We will perform an audit of Glenbrook High School District 225's governmental activities, each major fund, and aggregate remaining fund information as of and for the year then ended June 30, 2012. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. We will also perform an audit of the State Annual Financial Report (AFR). That report will be prepared using the regulatory basis of accounting as prescribed by the Illinois State Board of Education. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Education are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and, for the AFR, the regulatory basis of accounting as prescribed by the Illinois State Board of Education.

We will also perform the audit of Glenbrook High School District 225 as of June 30, 2012 so as to satisfy the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular A-133.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Single Audit Act, OMB Circular A-133, and OMB's *Compliance Supplement*. Those standards, circulars, and supplements require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

An audit of financial statements includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the Board of Education any significant deficiencies or material weaknesses that we become aware of during the course of the audit.

We will also communicate to the Board of Education (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, (b) any illegal acts that we become aware of during the audit (unless they are clearly inconsequential), (c) various matters related to the District's accounting policies and financial statements, and (d) should any arise, disagreements with management and other serious difficulties encountered in performing the audit.

In addition to our report on the District's financial statements, we will also issue the following reports or types of reports:

- A report on the fairness of the presentation of the District's schedule of expenditures of federal awards for the year ended June 30, 2012.
- Report on internal control related to the financial statements and major programs. This report will describe the scope of testing of internal control and the results of our tests of internal controls.
- Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program.
- A schedule of findings and questioned costs.

The funds that you have told us are maintained by the District and that are to be included as part of our audit are listed here: General (Educational Account and Working Cash Account), Operations and Maintenance, Transportation, Municipal Retirement/Social Security, Debt Service, and Capital Projects.

The federal financial assistance programs that the District participates in and that are to be included as part of the Single Audit are consistent with the prior year.

Our report on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving management employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators, or others.

Management is also responsible for (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting package.

The Board of Education is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

The District agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, the District also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed.

Because Miller, Cooper & Co., Ltd. will rely on the District and its management and Board of Education to discharge the forgoing responsibilities, the District holds harmless and releases Miller, Cooper & Co., Ltd., its current, former and future principals, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a misrepresentation by a member of Glenbrook High School District 225's management or false or incomplete information provided by any of District's personnel or agents to us in the performance of our services which has caused, in any respect, Miller, Cooper & Co., Ltd.'s breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

If circumstances arise relating to the condition of the District's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. The District will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by District personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Ms. Hillarie Siena, Assistant Superintendent for Business Affairs. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, drafting financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. In such instances, we will take reasonable steps to maintain the confidentiality of your information, including the use of confidentiality agreements where appropriate.

You have informed us that you intend to prepare a comprehensive annual financial report (CAFR) and submit it for evaluation by the Association of School Business Officials Certificate of Excellence Program and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program. Our participation in the preparation of the CAFR is to consist of the preparation and print the documents. You will be responsible for the preparation of the Introductory and Statistical Sections. We will update certain Statistical Tables from information contained in the report. Fees incurred for statistical data collection will be passed on to the District.

We estimate our fees to be \$37,500, plus direct expenses, for the audit and accounting services described above. This fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work and/or the incomplete or untimely receipt by us of the information on the client participation list. Additional accounting services that may be required will be billed at our standard rates in effect at the time the services are provided. All other provisions of this letter will survive any fee adjustment. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the District agrees it will compensate Miller, Cooper & Co., Ltd. for any additional costs incurred as a result of the District's employment of a professional employee of Miller, Cooper & Co., Ltd.

In the event we are requested or authorized by the District or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the District, the District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Any claim arising out of services rendered pursuant to this agreement shall be resolved in accordance with the laws of Illinois. The District and Miller, Cooper & Co., Ltd. agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by Miller, Cooper & Co., Ltd. or the date of this arrangement letter if no report has been issued. The District waives any claim for punitive damages. The District and Miller, Cooper & Co., Ltd. agree that neither of their liability to the other for any damages incurred as a result of this engagement shall exceed the amount paid by you for services under this engagement. This damages limitation shall occur regardless of the nature of the claim, whether in contract, tort or otherwise, and including but not limited to Miller, Cooper & Co., Ltd.'s own negligence, but shall not apply to the extent that Miller, Cooper & Co., Ltd. is found to have acted with gross negligence or willful misconduct. Furthermore, the District agrees that Miller, Cooper & Co., Ltd. shall not under any circumstances be liable for any special, consequential, incidental or exemplary damages or loss (nor any lost profits, taxes, interest, tax penalties savings or business opportunity).

This letter constitutes the complete and exclusive statement of agreement between Miller, Cooper & Co., Ltd. and Glenbrook High School District 225, superseding all proposals, oral or written, and all other communication, with respect to the terms of the engagement between the parties. If because of a change in the District's status or due to any other reason, any provision in this letter would be prohibited by, or would impair our independence under, laws, regulations or published interpretations by governmental bodies, commissions, or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this letter shall consist of the remaining portions.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report has been provided to you, for your information.

At the conclusion of this arrangement, we will return all original records you supplied to us. Your records comprise of the backup and support for your financial statements. Our firm destroys our files and all pertinent workpapers for current clients after a retention period of seven years.

If this letter defines the arrangements as the District understands them, please sign and date the enclosed copy and return it to us.

We appreciate your business.

Sincerely,

MILLER, COOPER & CO., LTD.



Andrew L. Mace, Principal
Enclosure

ENG:Glenbrook High School District 225 12 ENG.fm

Confirmed on behalf of Glenbrook High School District 225:

Signature

Date



EUBANK & BETTS

A Professional Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

3820 Interstate 55 North / Post Office Box 16090 / Jackson, Mississippi 39236-6090 / Phone (601) 987-4300 / Fax (601) 987-4314

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SYSTEM REVIEW REPORT

November 19, 2010

To the Partners
Miller, Cooper & Co., Ltd.
and the Illinois CPA Society Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **Miller, Cooper & Co., Ltd.** (the firm) in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Miller, Cooper & Co., Ltd.** in effect for the year ended May 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Miller, Cooper & Co., Ltd.** has received a peer review rating of *pass*.

EUBANK & BETTS, PLLC