

VILLAGE OF OAK PARK, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
December 31, 2007



Certified Public Accountants & Advisors

VILLAGE OF OAK PARK, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Schedule of Expenditures of Federal Awards.....	5-7
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	8-9
Schedule of Findings and Questioned Costs.....	10-40



998 Corporate Boulevard • Aurora, IL 60502

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Village President
Members of the Village Board
Village of Oak Park, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Oak Park, Illinois, as of and for the year ended December 31, 2007, which collectively comprise the Village of Oak Park, Illinois' basic financial statements and have issued our report thereon dated September 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Oak Park, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Oak Park, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Oak Park, Illinois' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Oak Park, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Oak Park, Illinois' financial statements that is more than inconsequential will not be prevented or detected by the Village of Oak Park, Illinois' internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 07-05 through 07-09 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Oak Park, Illinois' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiencies described above as findings 07-01 to 07-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Oak Park, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Village of Oak Park, Illinois in a separate letter dated September 12, 2008.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aurora, Illinois
September 12, 2008



VILLAGE OF OAK PARK, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2007

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Housing and Urban Development	N/A	Community Development Block Grant	14.218	B07-MC170017	\$ 2,296,265	\$ 2,296,265
Department of Housing and Urban Development	N/A	Community Development Block Grant	14.218	B06-MC170017	86,411	86,411
Department of Housing and Urban Development	N/A	Emergency Shelter Grant	14.231	S07-MC170013	84,810	84,810
					<u>2,467,486</u>	<u>2,467,486</u>
Department of Transportation	Illinois Department of Transportation	Traffic Safety Grant	20.600	OP&-4295-367	4,414	4,414
Department of Justice	Office of the Judicial Advisory Council – Cook County	Local Law Enforcement Block Grant – 2004 BADGE	16.592	N/A	11,658	11,658
Department of Justice	Illinois Criminal Justice Authority	Juvenile Accountability Incentive Block Grant	16.523	70JAL504316	11,973	11,973
Department of Justice	Illinois Criminal Justice Authority	Juvenile Accountability Incentive Block Grant	16.523	80JAL505316	4,057	4,057
Department of Justice	Illinois Criminal Justice Authority	MDC Equipment Grant	16.523	80AFL403586	7,763	7,763
Department of Justice	N/A	Bulletproof Vest Program	16.607	N/A	15,170	15,170
					<u>50,621</u>	<u>50,621</u>
Department of Health and Human Services	Illinois Department of Public Health	Civic Readiness Initiative	93.283	77181209	37,512	37,512
Department of Health and Human Services	Illinois Department of Public Health	Civic Readiness Initiative	93.283	87181209	9,114	9,114
Department of Health and Human Services	Illinois Department of Public Health	Bioterrorism Preparedness Program	93.283	77181068	16,408	16,408
Department of Health and Human Services	Illinois Department of Public Health	Bioterrorism Preparedness Program	93.283	87181068	20,570	20,570

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2007

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Human Services	Illinois Department of Public Health	Pandemic Influenza	93.283	77181163	\$ 20,764	\$ 20,764
Department of Health and Human Services	Cook County Department of Public Health	West Nile Virus Mosquito Vector Surveillance	93.283	N/A	13,201	13,201
Department of Health and Human Services	Illinois Department of Public Health	West Nile Virus Mosquito Vector Surveillance	93.283	75380120	3,000	3,000
Department of Health and Human Services	National Association of County and City Health Officials	Foodborne Illness	93.283	N/A	5,765	5,765
Department of Health and Human Services	Illinois Department of Human Services	Family Case Management Program	93.667	711G5068000	44,334	44,344
Department of Health and Human Services	Illinois Department of Human Services	Family Case Management Program	93.667	811G5068000	41,991	41,991
Department of Health and Human Services	Illinois Department of Healthcare and Family Services	Family Case Management Program - Medicaid	93.778	N/A	28,225	28,225
Department of Health and Human Services	Illinois Department of Public Health	Minority HIV/STD Prevention Activities	93.940	80180030	22,359	22,359
Department of Health and Human Services	Illinois Department of Public Health	Minority HIV/STD Prevention Activities	93.940	70180302	39,290	39,290
Department of Health and Human Services	Cook County Department of Public Health	Minority HIV/STD Prevention Activities	93.940	N/A	16,178	16,178
Department of Health and Human Services	Illinois Department of Public Health	Oral Health	93.994	73480174	7,921	7,921
Department of Health and Human Services	Illinois Department of Public Health	Heart Smart for Women	93.994	86280064	7,573	7,573
Department of Health and Human Services	Illinois Department of Public Health	Heart Smart for Women	93.994	76280086	11,133	11,133
Department of Health and Human Services	Illinois Liquor Control Commission	Illinois Tobacco Enforcement Grant	93.994	73281068	10,014	10,014
Department of Health and Human Services	Illinois Liquor Control Commission	Illinois Tobacco Enforcement Grant	93.994	83281068	4,103	4,103
					359,455	359,455

VILLAGE OF OAK PARK, ILLINOIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2007

Federal Grantor	Pass-Through Grantor	Program Title	Federal CFDA Number	Program/Grant Number	Revenues	Expenditures
Department of Health and Homeland Security	Illinois Emergency Management Agency	Disaster Grant – Public Assistance	97.036	NA	60,369	60,369
TOTAL FEDERAL AWARDS					\$ 2,942,345	\$ 2,942,345

Notes to Schedule of Expenditures of Federal Awards

Note A The accompanying schedule of expenditures of federal awards is a summary of the activity of the Village's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

Note B Of the federal expenditures presented in this schedule, the Village provided federal awards to subrecipients from the Community Development Block Grant in the amount of \$741,880.



998 Corporate Boulevard • Aurora, IL 60502

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

The Honorable Village President
Members of the Village Board
Village of Oak Park, Illinois

Compliance

We have audited the compliance of the Village of Oak Park, Illinois with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Village of Oak Park, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the Village of Oak Park, Illinois' management. Our responsibility is to express an opinion on the Village of Oak Park, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Oak Park, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Oak Park, Illinois' compliance with those requirements.

In our opinion, the Village of Oak Park, Illinois, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Village of Oak Park, Illinois, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants agreements applicable to federal programs. In planning and performing our audit, we considered Village of Oak Park, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a significant deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We believe the finding 07-10 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Oak Park, Illinois, as of and for the year ended December 31, 2007, and have issued our report thereon dated September 12, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Village of Oak Park, Illinois' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Aurora, Illinois
September 12, 2008

VILLAGE OF OAK PARK, ILLINOIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are not
 considered to be material weaknesses? yes no

Type of auditor's report issued on compliance
 for major programs: *unqualified*

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
20.205	Highway Planning and Construction

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings

07-01 Prior Period Adjustments

Recently issued auditing standards (SAS 112) effective for fiscal periods ended December 31, 2006 and thereafter require that material prior period adjustments that are reported in the financial statements be considered as a material weakness. In 2007, it was necessary to record seven prior period adjustments to correct the prior year net assets/fund balances in accordance with generally accepted accounting principles. The fund balance/net assets were restated as follows:

	Governmental Activities	Internal Service Funds Governmental Activities	Parking Fund Business-Type Activities
FUND BALANCES/NET ASSETS, JANUARY 1 (as previously reported)	\$ 90,180,553	\$ (518,224)	\$ 5,196,247
Restated for:			
Erroneous cut-off of construction expenditures in 2006	(2,506,584)	-	-
Accounting correction for overstatement of amounts due from component unit in prior year	(2,387,208)	-	-
Accounting correction for overstatement of intergovernmental receivable in prior year	(119,903)	-	-
Accounting correction for unrecorded prepaid item in prior year	(18,004)	-	-
Accounting correction for over accrual of developer deposits payable in prior year	50,000	-	-
Accounting correction for unrecorded capital assets in prior year	2,381,846	-	124,742
Accounting correction for over accrual of Internal Service Fund liabilities in prior year	435,765	435,765	-
Accounting correction for overstatement of interfund liabilities in prior year	(595,233)	(595,233)	-
Subtotal restatements	(2,759,321)	(159,468)	124,742
FUND BALANCES/NET ASSETS, JANUARY 1, RESTATED	\$ 87,421,232	\$ (677,692)	\$ 5,320,989

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2006 as Single Audit Finding 06-01.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings

07-01 Prior Period Adjustments (Continued)

Corrective Action Plan:

These prior period adjustments are all the result of finance department staff working diligently to clean up items that have been on the Village's books for a number of fiscal years. Both the Deputy Chief Financial Officer and Senior Accountant discovered these items as they prepared the 2007 audit preparation.

Further, any causes for the original statements have been identified and remedied. Based on these efforts, the Village does not expect any further material prior period adjustments in future years.

07-02 Personnel Matters

A compliance audit conducted by the Illinois Municipal Retirement Fund (IMRF) in 2007 revealed that two employees had exceeded the maximum yearly hours for retired employees. Due to the noncompliance with hours restrictions for retired persons, the two participants are being requested to pay back all of their retirement earnings from the fund dating to retirement date, which would cause undue hardship to these individuals. We recommend that management monitor hours worked for part-time employees who are retired participants of IMRF and prevent such employees from working hours in excess of established allowable maximums.

Corrective Action Plan:

As of the date of this report, no Village retiree is also an IMRF participant.

07-03 Cash Management

Bank reconciliations for December 2007 were not completed until May 1, 2008. We recommended that the finance department develop a formal procedure to ensure that all accounts of the Village are reconciled monthly by the finance department. We also recommended that the reconciliations be formally reviewed and approved by the assistant finance director and that all old outstanding checks be voided and reissued or otherwise resolved.

Corrective Action Plan:

The Village is working toward timely bank reconciliations.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-04 Accounts Payable

During the review of the subsequent disbursements and accounts payable, we found that the Village cut-off its recording of accounts payable at February 25, 2008. This resulted in the accrual of multiple invoices found during audit testing that related to goods purchased or services performed during Fiscal 2007 but were not accrued to that period. Additional liabilities aggregated \$4.148 million. We also noted certain unrecorded invoices that should have been accrued by the Village that fell within the cut-off period. However, the query that was run by the Village to generate a listing of invoices paid after fiscal year end only included invoices with an invoice dated in 2007. It did not include any invoices dated 2008 even if the work was performed in 2007. We proposed and recorded an audit adjustment to accrue these additional liabilities. We recommend that the cut-off period be extended through the start of audit fieldwork and that management reviews its cut-off procedures to ensure compliance with generally accepted accounting procedures.

Corrective Action Plan:

The Village has taken steps to implement the recommendations.

07-05 Parking System

The Village generated approximately \$3,500,000 in revenues from its parking activities in 2006. During our review of the internal control policies and procedures in place for the parking system, we noted the following:

Cash Management

- a. In order to achieve improved internal control over cash receipts, Management should consider a reorganization of the Cashier Office to combine all four finance cashiers into one office and have two permit clerks in the permits office that have no access to cash receipts.
- b. The CORE system used in the Cashiers Office has the ability to interface with the Peoplesoft Finance application. The Peoplesoft system has not been implemented for general Village collections (water payments, permits, vehicle stickers). We recommend that the Cashiers Office be trained in the Peoplesoft permitting function so that citations paid can be input directly into the computer software, eliminating the need to manually enter the citations in the Parking Office.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Cash Management (Continued)

- c. The Parking Office should discontinue use of manual receipts to increase controls over cash received for payment of fines and permits (\$560 not deposited week of 5/14/07).
- d. Cashiers can also take a boot payment when a resident is accompanied by a parking supervisor. The parking supervisor brings down a list of total outstanding citations for the customer and an amount due is handwritten on the top of the list with no supervisor signature. Cashiers do not know what fines are outstanding as they have no access to the Peoplesoft system and there is a lack of consistency as to when fines are downloaded into the system. Payment is accepted in the amount of the handwritten notation at the top of the citation list. The Transaction Type Detail Report is printed from the CORE system daily for Transaction Type #441 – Parking Fines for use in reconciling receipts. Cashiers should also be printing the boot fee transaction detail using a designated revenue code.
- e. The list of citations brought to the Cashiers Office for payment with boot release form includes all outstanding citations. Management should consider the development of a report that would list only boot eligible citations so that the cashiers could determine appropriateness of payment.

Parking System Oversight

- f. Daily Citation Transaction Reports were not generated by all employees on a regular basis. It was noted that daily reports for staff engaged in immobilization management were not being reviewed by the assistant parking director on a regular basis. This created an opportunity for misappropriation of parking revenues. We recommend that the Daily Citation Transaction Reports be reviewed for each parking employee who has access to the adjudication screen on a daily basis. Unusual activity should be investigated by the employee's supervisor and reported to the Director of Public Works and the Parking Director.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Parking System Oversight (Continued)

g. Segregation of Duties

Nonsuit fields were restricted to adjudication personnel in the past; access to the adjudication screen in Peoplesoft was given to the Parking Department for citations within 14 days of issuance to enhance customer service. All parking personnel have access to this screen and have the ability to alter citation information in the system. Parking should have to e-mail adjudication to void a citation in order to achieve an appropriate segregation of duties. The department collecting the revenue should not have authority to change the amount assessed.

h. Revenue Reconciliations

The daily report generated from the permit program reflects only permits issued, not the actual amount of money taken in. The system does not provide for transfers; incremental cost is noted in remarks field of the daily permit transaction report. The transfer column lists the fee for the new location. The current system cannot accommodate a credit for the returned permit. Management should consider revising the format of permit activity reports to reflect credits for transfers and data fields for miscellaneous revenues. This would facilitate reconciliation of daily cash receipts.

i. Vehicle Stickers

It is Village policy that permits are issued only to vehicles having a valid Village vehicle sticker. This policy is not enforced. Management should consider integrating vehicle stickers with the citation system to flag noncompliant vehicle owners.

Permit Processing

- j. Permit applicants are put through a screening process to determine whether they have any outstanding citations which must be paid before obtaining a permit. When batch payments are queried by name, the system may miss citations. The license plate query fails to pull up all citations in a batch. We recommend that either a second search by license number be done by permit clerks and cashiers to identify all outstanding citations or, that IT develop a system modification to link the license plate query to the name query.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Permit Processing (Continued)

- k. Current Village policy provides for a rebate of permit fees if the resident wants to cancel the permit before the expiration date. The resident removes the permit from the vehicle window and presents it to the Permit Office. The refund is then calculated based on a proration of days remaining. We recommend that Management consider a policy change to make permits nontransferable and nonrefundable. This would increase permit revenue and eliminate the administrative burden of processing the refunds.
- l. There are 130 lots within the Village parking system. When a customer comes in to apply for a parking permit, it is a time consuming process to identify availability in lots within the resident's geographic range. We recommend that Management consider options to link lot availability to resident addresses through a GIS link.
- m. Permit clerks indicated that there are instances when a resident comes to purchase a permit and the transaction cannot be completed due to lack of information (e.g. no license plate number). The clerks will then allow the resident to place a hold on the permit until the missing information is obtained. These applications and held permits are kept on the permit clerk's desk until the transaction is completed. We recommend Management establish a central filing bin for held permits so that the documents are readily accessible for completion of the transaction and reduce the potential for lost permits.
- n. There is no inventory maintained of unissued permits. Unissued permits are maintained in an unlocked drawer in the Permits Office. We recommend periodic inventory counts of lot permits.

Key Cards/Transponders

- o. Patrons may obtain key cards for the Lake/Forest and Holly Court garages. The Village collects a \$20 deposit upon issuance of keycards. Keycards are activated at the Holly Court Garage upon receipt of a fax from the permit office. Keycards may be rolled over from prior permit period. In the case of lost cards, new cards are issued and the old keycard is deactivated. Transponders are processed the same way as keycards. The Permit Office contacts the garage by fax to de-activate the transponder. No confirmation is received from the garage. We recommend that the garage evidence receipt of the deactivation notice to assure that notification has been received.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Key Cards/Transponders (Continued)

o. (Continued)

There is no inventory maintained of parking key cards, transponders, or meter keys. We recommend that an inventory be developed for control of unissued key cards, transponders, and meter keys to prevent unauthorized distribution.

p. Garage and Meter Fees

Employees of area businesses are doing a 2 hour "parking circle" to avoid paying fees. At the Holly Court garage, approximately 76% of daily parking tickets represent no-charge patrons (under 2 hours). We recommend that Management consider instituting a policy that prohibits this practice in order to maximize revenue at the parking garages. We recommend that Parking Enforcement Officers (PEOs) could chalk tires to evidence offenders and issue citations.

The High School garage has no exit gates. PEOs enforce parking payment. We recommend that the High School garage be gated to enhance collection of parking fees and maximize revenue at the parking garages.

q. Bank Lockbox Payments

Mail payments are routed directly to the Village's lockbox at Park National Bank. Bank personnel perform the data entry. An electronic file is received from the bank (photocopy of checks, copy of citations, electronic file of citations and payments). Files are saved in the Parking directory and a Peoplesoft directory on the Village's network. The electronic file is uploaded into the Peoplesoft System.

We recommend the depository bank have an FTP server available to upload the data file to the Peoplesoft system, rather than e-mailing files to the Village. Village staff should only have to process exceptions. IT personnel have put a facility in place and issued passwords, but the bank has not agreed to implement the change. We recommend Management review its agreement with the depository bank and assess whether it is meeting the Village's system requirements.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Key Cards/Transponders (Continued)

r. Drop Box

The Village has two drop boxes for payment of Village charges or fines by residents. The contents of the drop boxes are collected daily by the Finance Department. Established procedures assign the drop box collection to the Finance Director. The collection is currently being done by the mail clerk. Payments remitted to the drop box are maintained in an unsecure location until they are delivered to the applicable departments. Payments should be sealed in tamper proof envelopes and maintained in a secure location in order to prevent a potential loss of revenue by theft or misappropriation. The Village should also secure the checks to prevent an opportunity for check fraud.

Legal Compliance

- s. The Permit Office is collecting fees for extended temporary parking in the Holly Court garage at \$5/day for permit holders and overnight visitor parking in Holly Court at \$9/day that have not been approved by ordinance. We recommend that Management review all fee ordinances to make sure that parking fees have been authorized.
- t. The Adjudication Director doesn't believe there is legal authority to void a citation. The Village legal counsel should review the policy of voiding citations within 14 days of issuance to determine if the policy is in compliance with all statutes.
- u. Manual Citations

Village Police are issuing manual citations to parking offenders. We recommend that Management consider providing police units with printers so that citations can be generated from the mobile data units and the data can be downloaded directly to the Peoplesoft system. This would eliminate the administrative burden of manually inputting the citations into the system by an administrative clerk.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Legal Compliance (Continued)

v. Off-Site Payments

The Village has considered installing parking kiosks in the Village Hall and in the downtown area where people could pay their citations on-line. We understand that this incentive has been put on hold pending an evaluation of the current software system. We recommend that Management consider moving forward with the parking kiosk project to increase the number of on-line payments and relieve congestion at the Permit Office.

w. Operating Loss/Deficit Fund Balance

The parking fund incurred an operating loss of approximately \$2,456,062 in 2006 and had a deficit unrestricted fund balance (net assets) of \$2,576,589 at December 31, 2006. Enterprise Funds are proprietary-type funds which should be self-supporting through user charges. Management should evaluate rates charged in this fund and consider increasing the fees charged in order to cover the operating costs of the fund.

x. Adjudication Department

Adjudication handles the judicial aspects of the enforcement function, similar to a City court. Authority for the adjudication process is based on State law. It is a Parking Department policy to give non-suit (void) authority to the Parking Administration office for citations within 14 days of issuance. Therefore, parking administration employees were given access to the adjudication screen in Peoplesoft. Potentially 12 people have access to the adjudication screen. We recommend security limitations be installed on the adjudication screen so that no changes can be made to citations greater than 14 days by an employee without the authority to change or nonsuit citations.

The adjudication director represented the adjudication notification system is not reliable. He estimates his staff spends 20% of their time dealing with problematic notices that cause customer service issues (inaccurate dates, missing late fees, noncurrent late fees, miscalculation of balances due). He represented that there were two instances in the recent past where 13,000 notices were not generated and mailed, even though they appeared on a query report. Management should consider utilizing batch control totals that match the number of records in the query file to the number of records in the print file.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Legal Compliance (Continued)

x. Adjudication Department (Continued)

He further estimated that approximately 45,000 problematic adjudication notices were sent out in the past year. There is a concern that the Village may inappropriately seize property or suspend drivers' licenses due to inaccuracy of notices. The system does not allow for retrieval of the notice sent from the system once printed, therefore it is not possible to provide the offender with verification that the notice was generated. We recommend that IT resources be allocated to correct the notification system in order to protect the Village from police action taken in error.

The Adjudication Office has noted several deficiencies in the on-line appeal process. There have been instances where customers have been rejected by the Village's Spam checker. It is also a matter of concern that once on-line, people can view outstanding citations by license plate. There is no security measure built into the system that prevents on-line users from viewing other offenders' citations. We recommend that security measures be instituted to ensure the privacy of all citizens with outstanding citations.

We recommend that the Adjudication Director provide productivity reports to the Manager's office on a monthly basis. This would assure that such reports are generated on a regular basis and are reviewed by Management. It should be noted that our review of the year to date productivity report for adjudication indicated that 25% of all no night parking adjudications are found not liable and 25% of failure to improperly display permit adjudications are found not liable. The productivity reports should be reviewed by a responsible party in the Manager's office to determine if there need to be any policy changes regarding compliance to reduce the number of not liable judgments and nonsuits.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2006 as Single Audit Finding 06-02.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Corrective Action Plan

- a. The Finance Department has received authorization to take over operations of the Permit Office. However, certain functions currently in the office will be moved out to relevant parts of other Departments. The structure and function of the Parking Services Department has been the subject of much internal debate and the schedule transition of functionality to the Finance Department has been delayed pending final approval. The Village has set July 1, 2009 as its target transition date.
- b. The Peoplesoft application utilized for permit was developed with in-house Technology support staff; it is not a canned Peoplesoft function. However, Management is in the process of migrating to a new financial system from PeopleSoft. It is anticipated the replacement will provide better coordination between permitting and cashiering functions
- c. The Finance Department, as it transitions supervision of the permit office will be developing an automated receipt system in 2009. This will work in conjunction with more robust procedures utilized during times when the system is offline or otherwise unavailable.
- d. IT staff have developed necessary reporting to provide Permit Office staff with accurate, timely and relevant information.
- e. Transactions are reviewed by accounting and supervisory staff on a regular basis.
- f. Current policy dictates that Parking staff have limited means to “non-suit” tickets within a short time once a ticket has been entered into the system. This is done to improve customer service and prevent obviously spoiled tickets from entering the Adjudication process. Supervisory staff reviews and approves all changes. The ticket system stores records of which users make such changes.
- g. The first version of the custom, permit application is currently being reviewed by Finance, Parking and IT staff to address this issue as well as other similar gaps identified by staff.
- h. This is an item that has been identified to be addressed in the new version of the custom application.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Corrective Action Plan (Continued)

- i. IT has corrected the issue as of March 2007.
- j. It is current Village policy to provide refunds so that users return permits not needed, thereby allowing the Village to offer the permit to another customer.
- k. The Village is reviewing all of its parking assets and expects to add or subtract assets in the coming year. Based upon this activity, the Village would like to move forward with some advanced means to provide this information to residents and staff working with residents.
- l. As the Permit Office comes under the authority of the Finance Department, physical space will be addressed as staff is cross trained. Any discussion of space will take in account the need for a central repository of information needed during business hours.
- m. As the Finance Department takes over the Permit Office, an inventory control system will be implemented which moves to a print-on-demand permit fulfillment process, eliminating any inventory of useable permits.
- n. Current operating policy dictates confirmation of receipt of deactivation. Supervisory staff reconciles any discrepancies. As the Finance Department takes over the Permit Office, an inventory control system will be implemented which moves to a print-on-demand key-card fulfillment process.
- o. In FY 2008, the Village Board increased parking meter rates to, among numerous reasons, prevent employee use of needed customer parking. PEOs currently have the ability to electronically chalk tires by reconciling in hand-held parking ticket devices. The location of tire valves on vehicles is recorded by clock position.

The Village's parking system is currently under intensive review by staff and the community. At this time, the cost of access control equipment would not be offset by any potential revenues within the useful life of the equipment

- p. The Village is exploring options with its main depository, Park National Bank. However, the IT department has significant concerns with any outside entity maintaining the ability to upload directly to the Village's financial system.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-05 Parking System (Continued)

Corrective Action Plan (Continued)

- q. Finance staff responsible place all envelopes collected from the drop-box in tamper-proof bags and distributed to the proper department. Multiple security cameras monitor the area where payments are sorted and sealed for distribution.
- r. The Parking Services and Law Departments have reviewed all parking fees to ensure compliance with local ordinances. Permit staff have reviewed current practices to ensure compliance.
- s. The Law Department was asked to review the issue and provide any corrective action as necessary. Legal staff states the Village has the necessary legal basis to operate using current procedures.
- t. The Police Department, which oversees parking enforcement, can not justify the cost of required equipment with the volume of tickets generated manually by officers.
- u. The Village is currently testing a Parking Citation payment kiosk and may develop into a more aggressive roll-out dependent upon the results of a pilot program. Staff began offering parking permit renewals online in the 3rd quarter of 2008.
- v. In the 2008 Budget process, the Village aggressively approached the operating deficit by increasing available revenue streams and reducing costs wherever possible. Also in 2008, the Village Board voted to increase rates in garages as well as parking meters
- w. Items have been corrected as of November 2007.

07-06 Revenue Reconciliations

Parking revenue (meter and garage) cash summaries are not reconciled to the revenue balances in the general ledger. We recommend that monthly cash summary totals be compared to revenue postings for reasonableness and that any significant variances be investigated by a member of management.

Corrective Action Plan

This has been corrected as of March 2008.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-07 Utility Billing Software

Water billing system software in use currently is an old DOS based version of MSI. MSI has informed the Village they will no longer support this system. We recommend that management replace this system as soon as possible to avoid potential revenue collection problems in the event of an uncorrectable system failure.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2006 as Single Audit Finding 06-05.

Corrective Action Plan

The Village expects to issue an RFP to replace the current financial system, PeopleSoft. A requirement of any replacement system will be to include utility billing functionality.

07-08 Contractual Revenue

There is no internal verification of ambulance fees billed, received or outstanding. Revenue from ambulance billings approximated \$688,000 in 2007. The fire department secretary prints a monthly report of ambulance runs, and sends it to the Finance Department. The report is then forwarded to a contractual billing service. The billing service returns a billing report to the Fire Department and remits a monthly payment and report to the Finance Department. The payment received is not reconciled to the Fire Department's run report. We recommend that the payment received be reconciled to the run report to verify appropriate reimbursement under the ambulance contract.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2006 as Single Audit Finding 06-07.

Corrective Action Plan

Finance staff is working with the Fire Department to resolve.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section II - Financial Statement Findings (Continued)

07-09 Payroll Processing

No review of payroll is made by someone independent of the payroll function before checks are prepared. In December 2004, retirement payments did not include reductions for withholding taxes. The error was not discovered by Finance personnel prior to the release of the checks. This is a potential issue of noncompliance with IRS regulations and could result in a tax burden to the retirees. Also, it was discovered that no pension deductions were withheld from a firefighter from August 2002 through June 2004 which resulted in a shortage of pension contributions of \$4,324.51. A payment plan has been established for the employee to repay the contributions, but there may be tax consequences to him. In addition, we noted one instance of a duplicate vacation pay-out made to an employee. Repayment has been requested from the employee.

This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended December 31, 2006 as Single Audit Finding 06-08.

Corrective Action Plan

The Village is moving to outsource the portion of payroll that generates checks and payments. Existing staff will then be able to re-focus on data integrity.

Section III - Federal Award Findings and Questioned Costs

07-10 CDBG Grant Reconciliation

During our review of the Village's Comprehensive Annual Performance and Evaluation Report, we noted that the numbers reported for administrative costs did not reconcile to the Village's general ledger for the Community Development Block Grant Fund. We recommend that a reconciliation be prepared and retained in the grant files that reconciles revenues and expenditures reported in the CAPER with the final audited account balances in the general ledger. The reconciliation should tie the cash basis numbers reported in the CAPER to the modified accrual basis numbers in the general ledger by accounting for changes in grant receivables and accounts payable.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2007

Section III - Federal Award Findings and Questioned Costs (Continued)

07-10 CDBG Grant Reconciliation (Continued)

Corrective Action Plan

During the months of CDBG activity the expense report will be prepared, expenditures reported to CDBG through ISIS and funding drawdown within the second week of the month in which activity will be conducted. The next step in the process will be to prepare a journal entry to book the Administrative expenses to reconcile the revenues to the expenditures on a monthly basis. At year end a review of the general ledger will be conducted to assure reconciliation between what is reported on the CAPER and what is actually booked in the general ledger. Year end activities will be completed each fiscal year before the submission of the CAPER due on April 30th.

07-11 CDBG Grant Reporting

The Village is required to file quarterly federal transaction (SF-272) reports with the Department of Housing and Urban Development within 30 days of the end of each fiscal quarter. The quarterly reports for the quarters ended March 31, 2007 and June 30, 2007 were filed on October 15, 2007. We recommend that the Village file these reports by the required due date.

Corrective Action Plan:

In order to file the mandatory quarterly federal transaction (SF-272) reports by the required due date, (within 30 days of the end of each fiscal quarter) a schedule has been establish on the Finance shared Calendar to alert Finance and Housing staff of the upcoming due date.

Section IV – Prior Year Findings

06-01 Prior Period Adjustments

It was necessary to record three prior period adjustments to correct the prior year net assets/fund balances in accordance with generally accepted accounting principles. A prior period adjustment of \$1,143,700 was made to the Special Tax Allocation Fund balance to record property held for resale that was not recorded at December 31, 2005. A prior period adjustment in the amount of \$450,000 was made to adjust the Madison Street TIF fund balance for an unrecorded note receivable from a local auto dealership. A prior period adjustment was also made to correct the 2005 allocation of principal paid on the Series 2004 Library Bonds in the amount of \$157,500.

Current Year Status - this comment is repeated in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-01.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System

The Village generated approximately \$3,500,000 in revenues from its parking activities in 2006. During our review of the internal control policies and procedures in place for the parking system, we noted the following:

Cash Management

- a. In order to achieve improved internal control over cash receipts, Management should consider a reorganization of the Cashier Office to combine all four finance cashiers into one office and have two permit clerks in the permits office that have no access to cash receipts.
- b. The CORE system used in the Cashiers Office has the ability to interface with the Peoplesoft Finance application. The Peoplesoft system has not been implemented for general Village collections (water payments, permits, vehicle stickers). We recommend that the Cashiers Office be trained in the Peoplesoft permitting function so that citations paid can be input directly into the computer software, eliminating the need to manually enter the citations in the Parking Office.
- c. The Parking Office should discontinue use of manual receipts to increase controls over cash received for payment of fines and permits (\$560 not deposited week of 5/14/07).
- d. Cashiers can also take a boot payment when a resident is accompanied by a parking supervisor. The parking supervisor brings down a list of total outstanding citations for the customer and an amount due is handwritten on the top of the list with no supervisor signature. Cashiers do not know what fines are outstanding as they have no access to the Peoplesoft system and there is a lack of consistency as to when fines are downloaded into the system. Payment is accepted in the amount of the handwritten notation at the top of the citation list. The Transaction Type Detail Report is printed from the CORE system daily for Transaction Type #441 – Parking Fines for use in reconciling receipts. Cashiers should also be printing the boot fee transaction detail using a designated revenue code.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Cash Management (Continued)

- d. The list of citations brought to the Cashiers Office for payment with boot release form includes all outstanding citations. Management should consider the development of a report that would list only boot eligible citations so that the cashiers could determine appropriateness of payment.

- e. Parking System Oversight

Daily Citation Transaction Reports were not generated by all employees on a regular basis. It was noted that daily reports for staff engaged in immobilization management were not being reviewed by the assistant parking director on a regular basis. This created an opportunity for misappropriation of parking revenues. We recommend that the Daily Citation Transaction Reports be reviewed for each parking employee who has access to the adjudication screen on a daily basis. Unusual activity should be investigated by the employee's supervisor and reported to the Director of Public Works and the Parking Director.

- f. Segregation of Duties

Nonsuit fields were restricted to adjudication personnel in the past; access to the adjudication screen in Peoplesoft was given to the Parking Department for citations within 14 days of issuance to enhance customer service. All parking personnel have access to this screen and have the ability to alter citation information in the system. Parking should have to e-mail adjudication to void a citation in order to achieve an appropriate segregation of duties. The department collecting the revenue should not have authority to change the amount assessed.

- g. Revenue Reconciliations

The daily report generated from the permit program reflects only permits issued, not the actual amount of money taken in. The system does not provide for transfers; incremental cost is noted in remarks field of the daily permit transaction report. The transfer column lists the fee for the new location. The current system cannot accommodate a credit for the returned permit. Management should consider revising the format of permit activity reports to reflect credits for transfers and data fields for miscellaneous revenues. This would facilitate reconciliation of daily cash receipts.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Cash Management (Continued)

h. Vehicle Stickers

It is Village policy that permits are issued only to vehicles having a valid Village vehicle sticker. This policy is not enforced. Management should consider integrating vehicle stickers with the citation system to flag noncompliant vehicle owners.

Permit Processing

- i. Permit applicants are put through a screening process to determine whether they have any outstanding citations which must be paid before obtaining a permit. When batch payments are queried by name, the system may miss citations. The license plate query fails to pull up all citations in a batch. We recommend that either a second search by license number be done by permit clerks and cashiers to identify all outstanding citations or, that IT develop a system modification to link the license plate query to the name query.
- j. Current Village policy provides for a rebate of permit fees if the resident wants to cancel the permit before the expiration date. The resident removes the permit from the vehicle window and presents it to the Permit Office. The refund is then calculated based on a proration of days remaining. We recommend that Management consider a policy change to make permits nontransferable and nonrefundable. This would increase permit revenue and eliminate the administrative burden of processing the refunds.
- k. There are 130 lots within the Village parking system. When a customer comes in to apply for a parking permit, it is a time consuming process to identify availability in lots within the resident's geographic range. We recommend that Management consider options to link lot availability to resident addresses through a GIS link.
- l. Permit clerks indicated that there are instances when a resident comes to purchase a permit and the transaction cannot be completed due to lack of information (e.g. no license plate number). The clerks will then allow the resident to place a hold on the permit until the missing information is obtained. These applications and held permits are kept on the permit clerk's desk until the transaction is completed. We recommend Management establish a central filing bin for held permits so that the documents are readily accessible for completion of the transaction and reduce the potential for lost permits.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Permit Processing (Continued)

- m. There is no inventory maintained of unissued permits. Unissued permits are maintained in an unlocked drawer in the Permits Office. We recommend periodic inventory counts of lot permits.

- n. Key Cards/Transponders

Patrons may obtain key cards for the Lake/Forest and Holly Court garages. The Village collects a \$20 deposit upon issuance of keycards. Keycards are activated at the Holly Court Garage upon receipt of a fax from the permit office. Keycards may be rolled over from prior permit period. In the case of lost cards, new cards are issued and the old keycard is deactivated. Transponders are processed the same way as keycards. The Permit Office contacts the garage by fax to de-activate the transponder. No confirmation is received from the garage. We recommend that the garage evidence receipt of the deactivation notice to assure that notification has been received.

There is no inventory maintained of parking key cards, transponders, or meter keys. We recommend that an inventory be developed for control of unissued key cards, transponders, and meter keys to prevent unauthorized distribution.

- o. Garage and Meter Fees

Employees of area businesses are doing a 2 hour "parking circle" to avoid paying fees. At the Holly Court garage, approximately 76% of daily parking tickets represent no-charge patrons (under 2 hours). We recommend that Management consider instituting a policy that prohibits this practice in order to maximize revenue at the parking garages. We recommend that Parking Enforcement Officers (PEOs) could chalk tires to evidence offenders and issue citations.

The High School garage has no exit gates. PEOs enforce parking payment. We recommend that the High School garage be gated to enhance collection of parking fees and maximize revenue at the parking garages.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Permit Processing (Continued)

p. Bank Lockbox Payments

Mail payments are routed directly to the Village's lockbox at Park National Bank. Bank personnel perform the data entry. An electronic file is received from the bank (photocopy of checks, copy of citations, electronic file of citations and payments). Files are saved in the Parking directory and a Peoplesoft directory on the Village's network. The electronic file is uploaded into the Peoplesoft System.

We recommend the depository bank have an FTP server available to upload the data file to the Peoplesoft system, rather than e-mailing files to the Village. Village staff should only have to process exceptions. IT personnel have put a facility in place and issued passwords, but the bank has not agreed to implement the change. We recommend Management review its agreement with the depository bank and assess whether it is meeting the Village's system requirements.

q. Drop Box

The Village has two drop boxes for payment of Village charges or fines by residents. The contents of the drop boxes are collected daily by the Finance Department. Established procedures assign the drop box collection to the Finance Director. The collection is currently being done by the mail clerk. Payments remitted to the drop box are maintained in an unsecure location until they are delivered to the applicable departments. Payments should be sealed in tamper proof envelopes and maintained in a secure location in order to prevent a potential loss of revenue by theft or misappropriation. The Village should also secure the checks to prevent an opportunity for check fraud.

r. Collection Agency Receipts

The Village has a contract with an outside collection agency for collection of certain delinquent parking violations. A parking citation that is past due is evaluated for collection. If the violator has not had any other citation in the past six months, then the past due citation is sent to collection. The collection agency sends a balance report and a net remittance to the Village of 75% of gross collections (25% commission).

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Permit Processing (Continued)

r. Collection Agency Receipts (Continued)

Currently, the net remittance from the collection agency is not recalculated for accuracy of commissions retained by the collection agency. We recommend that the remittance received from the collection agency be verified by the Finance Department to assure the accuracy of the remittance received.

Legal Compliance

s. The Permit Office is collecting fees for extended temporary parking in the Holly Court garage at \$5/day for permit holders and overnight visitor parking in Holly Court at \$9/day that have not been approved by ordinance. We recommend that Management review all fee ordinances to make sure that parking fees have been authorized.

t. The Adjudication Director doesn't believe there is legal authority to void a citation. The Village legal counsel should review the policy of voiding citations within 14 days of issuance to determine if the policy is in compliance with all statutes.

u. Manual Citations

Village Police are issuing manual citations to parking offenders. We recommend that Management consider providing police units with printers so that citations can be generated from the mobile data units and the data can be downloaded directly to the Peoplesoft system. This would eliminate the administrative burden of manually inputting the citations into the system by an administrative clerk.

v. Off-Site Payments

The Village has considered installing parking kiosks in the Village Hall and in the downtown area where people could pay their citations on-line. We understand that this incentive has been put on hold pending an evaluation of the current software system. We recommend that Management consider moving forward with the parking kiosk project to increase the number of on-line payments and relieve congestion at the Permit Office.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Legal Compliance (Continued)

w. Operating Loss/Deficit Fund Balance

The parking fund incurred an operating loss of approximately \$2,456,062 in 2006 and had a deficit unrestricted fund balance (net assets) of \$2,576,589 at December 31, 2006. Enterprise Funds are proprietary-type funds which should be self-supporting through user charges. Management should evaluate rates charged in this fund and consider increasing the fees charged in order to cover the operating costs of the fund.

x. Adjudication Department

Adjudication handles the judicial aspects of the enforcement function, similar to a City court. Authority for the adjudication process is based on State law. It is a Parking Department policy to give non-suit (void) authority to the Parking Administration office for citations within 14 days of issuance. Therefore, parking administration employees were given access to the adjudication screen in Peoplesoft. Potentially 12 people have access to the adjudication screen. We recommend security limitations be installed on the adjudication screen so that no changes can be made to citations greater than 14 days by an employee without the authority to change or nonsuit citations.

The adjudication director represented the adjudication notification system is not reliable. He estimates his staff spends 20% of their time dealing with problematic notices that cause customer service issues (inaccurate dates, missing late fees, noncurrent late fees, miscalculation of balances due). He represented that there were two instances in the recent past where 13,000 notices were not generated and mailed, even though they appeared on a query report. Management should consider utilizing batch control totals that match the number of records in the query file to the number of records in the print file.

He further estimated that approximately 45,000 problematic adjudication notices were sent out in the past year. There is a concern that the Village may inappropriately seize property or suspend drivers' licenses due to inaccuracy of notices. The system does not allow for retrieval of the notice sent from the system once printed, therefore it is not possible to provide the offender with verification that the notice was generated. We recommend that IT resources be allocated to correct the notification system in order to protect the Village from police action taken in error.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section II - Financial Statement Findings (Continued)

06-02 Parking System (Continued)

Legal Compliance (Continued)

x. Adjudication Department (Continued)

The Adjudication Office has noted several deficiencies in the on-line appeal process. There have been instances where customers have been rejected by the Village's Spam checker. It is also a matter of concern that once on-line, people can view outstanding citations by license plate. There is no security measure built into the system that prevents on-line users from viewing other offenders' citations. We recommend that security measures be instituted to ensure the privacy of all citizens with outstanding citations.

We recommend that the Adjudication Director provide productivity reports to the Manager's office on a monthly basis. This would assure that such reports are generated on a regular basis and are reviewed by Management. It should be noted that our review of the year to date productivity report for adjudication indicated that 25% of all no night parking adjudications are found not liable and 25% of failure to improperly display permit adjudications are found not liable. The productivity reports should be reviewed by a responsible party in the Manager's office to determine if there need to be any policy changes regarding compliance to reduce the number of not liable judgments and nonsuits.

Corrective Action Plan

- a. The Finance Department has received authorization to take over operations of the Permit Office. However, certain functions currently in the office will be moved out to relevant parts of other Departments. The Village has set July 1, 2008 as its target transition date.
- b. The Peoplesoft application utilized for permit was developed with in-house Technology support staff; it is not a canned Peoplesoft function. Management has committed staff to resolve the gap between the permitting system and the cashiering application.
- c. The Finance Department, as it transitions supervision of the permit office will be developing an automated receipt system in 2008. This will work in conjunction with more robust procedures utilized during times when the system is offline or otherwise unavailable.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Corrective Action Plan (Continued)

- d. The Finance Department plans on addressing the information requirement during the transition of supervising the permit office.
- e. Moving forward with a true separation of duties between staff providing cashier functions and those with more customer service roles related to parking tickets, the Village is confident that better oversight will be achieved through Finance Department supervision.
- f. The purpose of the Finance Department taking over the permit office is to transform it into a transaction/processing station - not a customer service point of contact. This function will remain with the Parking office.
- g. The first version of the custom, permit application is currently being reviewed by Finance, Parking and IT staff to address this issue as well as other similar gaps identified by staff.
- h. This is an item that has been identified to be addressed in the new version of the custom application.
- i. This is an item that has been identified to be addressed in the new version of the custom application.
- j. This is an item that has been identified to be addressed overall review of the Village's permits and fees in early 2008.
- k. The Village is reviewing all of its parking assets and expects to add or subtract assets in the coming year. Based upon this activity, the Village would like to move forward with some advanced means to provide this information to residents and staff working with residents.
- l. As the Permit Office comes under the authority of the Finance Department, physical space will be addressed as staff is cross trained. Any discussion of space will take in account the need for a central repository of information needed during business hours.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Corrective Action Plan (Continued)

- m. As the Finance Department takes over the Permit Office, an inventory control system will be implemented.
- n. As the Permit Office transitions to the Department of Finance, activation and de-activation of transponders will be better coordinated and receipts will be maintained properly.
- o. The Village's parking system is currently under intensive review by staff and the community. It remains to be seen whether the Village will retain this particular asset. In the meantime, Village staff will be present during high-volume periods to collect parking fees upon entry to the garage.
- p. The Village is exploring options with its main depository, Park National Bank.
- q. As the Permit Office transitions to the Department of Finance, procedures of the Cashier's Office will also be reviewed. This item being one of many.
- r. As the Permit Office transitions to the Department of Finance, procedures of the Cashier's Office will also be reviewed. This item being one of many.
- s. The Village has just started to conduct its initial review of fees and charges for services the process is expected to conclude in late summer 2008.
- t. The Law Department has been asked to review the issue and provide any corrective action as necessary.
- u. The Police Department, which oversees parking enforcement, is conducting a cost-benefit analysis of extending the equipment utilized by Parking Enforcement Officers (PEOs) to all Police Officers as well.
- v. The Village is currently testing a Parking Citation payment kiosk and we may develop a more aggressive roll-out dependent upon the results of a pilot program. Staff is also working to migrate parking permit renewals to an online platform.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-02 Parking System (Continued)

Corrective Action Plan (Continued)

- w. In the 2007 Budget process, the Village aggressively approached the operating deficit by increasing available revenue streams and reducing costs wherever possible.

In 2008, staff plans on addressing rates charged across the system for parking garages, meters, and permits.

- x. Segregation of functions has, and will continue to be, a major focus for the village as it reviews all aspects of its administration of the parking system. The custom application is being modified to provide stricter controls and Village policies are being modified to limit the authority of certain staff to perform certain functions.

Current Year Status - this comment is repeated in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-05.

06-03 Revenue Reconciliations

Parking revenue (meter and garage) cash summaries are not reconciled to the revenue balances in the general ledger. We recommend that monthly cash summary totals be compared to revenue postings for reasonableness and that any significant variances be investigated by a member of management.

Corrective Action Plan

Finance staff is working with the Village's depository institution as well as Parking staff to structure means to reconcile revenue generated by the parking system.

Current Year Status - this comment is repeated in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-06.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-04 Utility Billing

During our analysis of the water revenue account we recalculated the water revenue based on the information provided to us from the water department. Using the billing rates and the gallons billed, we recalculated the approximate revenue that should have been recognized. We recommend that the finance department reconcile its records with the water department.

Corrective Action Plan

Finance staff is working with the Water department to coordinate on water billing issues.

Current Status - Comment is not repeated at December 31, 2007.

06-05 Utility Billing Software

Water billing system software in use currently is an old DOS based version of MSI. MSI has informed the Village they will no longer support this system. We recommend that management replace this system as soon as possible to avoid potential revenue collection problems in the event of an uncorrectable system failure.

Corrective Action Plan

The Village is currently looking to update its Water Billing system as well as its Meter reading system.

Current Year Status - this comment is repeated in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-07.

06-06 Cash Management

The Village has seventy-seven (77) outstanding checks totaling \$36,231 from the superseded MSI software system and one hundred ten (110) checks totaling \$80,061 outstanding greater than 6 months on the Peoplesoft system. Management should consider removing these outstanding checks from the cash reporting system and recording the outstanding balance in a liability account in order to improve the efficiency of the bank reconciliation process. It should be noted that checks outstanding greater than seven years should be remitted to the State as escheat property.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-06 Cash Management (Continued)

There are certain depository accounts that list the former assistant finance director as the contact person. When the Village experiences a change in Finance personnel, the separated employee should be removed as a signor and as a contact person on all Village accounts immediately upon separation.

Corrective Action Plan

Finance staff meets weekly to review cash position. Staff have also worked aggressively to reconcile all outstanding items. In 2007, the Village instituted Positive Pay for AP as an additional security measure which has additional benefits of tracking and reconciliation convenience.

Current Status - Comment is not repeated at December 31, 2007.

06-07 Contractual Revenue

There is no internal verification of ambulance fees billed, received or outstanding. Revenue from ambulance billings approximated \$688,000 in 2006. The fire department secretary prints a monthly report of ambulance runs, and sends it to the Finance Department. The report is then forwarded to a contractual billing service. The billing service returns a billing report to the Fire Department and remits a monthly payment and report to the Finance Department. The payment received is not reconciled to the Fire Department's run report. We recommend that the payment received be reconciled to the run report to verify appropriate reimbursement under the ambulance contract.

Corrective Action Plan

Staff is working with the collection vendor to verify payments.

Current Year Status - this comment is repeated in the Schedule of Findings and Questioned Costs for the year ended December 31, 2007 as Single Audit Finding 07-08.

VILLAGE OF OAK PARK, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2006

Section IV - Prior Year Findings (Continued)

06-08 Payroll Processing

No review of payroll is made by someone independent of the payroll function before checks are prepared. In December 2004, retirement payments did not include reductions for withholding taxes. The error was not discovered by Finance personnel prior to the release of the checks. This is a potential issue of noncompliance with IRS regulations and could result in a tax burden to the retirees. Also, it was discovered that no pension deductions were withheld from a firefighter from August 2002 through June 2004 which resulted in a shortage of pension contributions of \$4,324.51. A payment plan has been established for the employee to repay the contributions, but there may be tax consequences to him. In addition, we noted one instance of a duplicate vacation pay-out made to an employee. Repayment has been requested from the employee.

Corrective Action Plan

Payroll processing is now subject to monthly reconciliation procedures. In addition, payroll will undergo an internal audit periodically throughout the fiscal year.

Current Status - Comment is not repeated at December 31, 2007.