

EXHIBIT I

Chicago Teachers' Pension Fund Charter Schools Pension Contribution Payroll Compliance Audit

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
A	ADMINISTRATION			
	Planning			
1	<p>Schedule a scoping meeting with CTPF Management to discuss:</p> <ul style="list-style-type: none"> • Scope Period and Audit Objectives • Timing and Deadlines • Questions/Management Concerns • Historical Issues • Names of Key Charter School Management <p>Note: This meeting should include CTPF Internal Audit, Compliance, and Legal Staff.</p> <p>The order and priority of reviews will be assigned based on CTPF risk ranking data provided to the Audit Firm.</p>	N/A		

EXHIBIT I

Chicago Teachers' Pension Fund Charter Schools Pension Contribution Payroll Compliance Audit

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
2	<p>Document requests should be provided to both CTPF and the Charter Schools. Be specific about the requests and the required format of the requests. Include requests for non-pensionable wage information. Charter School records should include, at a minimum, the following:</p> <ul style="list-style-type: none"> -Name (including middle name, middle initial, and maiden name, if applicable and available) -Date of Hire -ISBE Position Description -Third-Party Contracts -Third-Party Staffing Invoices -Comprehensive List of Wage Codes/Types -Gross Salary -Pensionable Wages (broken down by Wage Codes/Types) -Non-Pensionable Wages (broken down by Wage Codes/Types) -Pension Contributions -For terminated employees, sick day balance -Quarterly IRS Form 941's -Total number of individuals in instructional positions for each fiscal year <p><u>NOTE:</u> As set out in the RFP and contract, subject to adequate employer access and cooperation, fieldwork is to be completed onsite at each audited Charter School.</p>	N/A		

EXHIBIT I

**Chicago Teachers' Pension Fund
Charter Schools
Pension Contribution Payroll Compliance Audit**

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
B	Payroll Reconciliation			
1	1. Consolidate all payroll data for each Charter School as provided by CTPF and the Charter School. Perform the following: <ul style="list-style-type: none"> a. Ensure consistent formatting of the data across all fiscal years. b. Format payroll data in a usable format which can be referenced (i.e., Excel) c. Create a Pivot Table from the Charter School payroll data, summarizing total salary, total pensionable wages (if applicable), and total contributions by employee for each fiscal year in the scope period and tabulate cumulative amounts by fiscal year. 			
2	1. Obtain the CTPF Pension Contribution report generated from the Employer Reporting System (ERS). Perform the following: <ul style="list-style-type: none"> a. Compare all of the names from the Charter School payroll files to the CTPF Pension Contribution report from ERS. b. Create a Name Key file to ensure the data between the two sources (Charter School payroll file and CTPF Pension Contribution Report) can be easily compared. c. Create a Pivot Table from the CTPF data, summarizing total salary and total contributions reported to CTPF by employee for each fiscal year in the scope period. 			
3	1. Create a leadsheet to compare the data from Charter School payroll file and the CTPF Pension Contribution Report. Perform the following: <ul style="list-style-type: none"> a. Using the names identified in the 			

EXHIBIT I

**Chicago Teachers' Pension Fund
Charter Schools
Pension Contribution Payroll Compliance Audit**

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
	<p>Charter School payroll file, copy all names into the Payroll Reconciliation leadsheet for each fiscal year in the scope period.</p> <p>b. For all employees identified in the Charter School payroll file, for each fiscal year in the scope period, generate the appropriate columns (Gross Salary, Pensionable Wages, Contributions, etc.) using a VLOOKUP to the Charter School payroll files.</p> <p>c. For all employees identified in the Charter School payroll file, for each fiscal year in the scope period, generate the appropriate columns (Reported Salary, Reported Contributions) using a VLOOKUP to the CTPF Pension Contribution report.</p> <p><u>NOTE:</u> Employees should appear in the leadsheet multiple times if they were employed across multiple fiscal years.</p>			
4	<p>1. Identify licensed/certified employees for each fiscal year in the scope period. Perform the following:</p> <p>a. Provide a listing of the names identified in the Charter School payroll file to the CTPF Compliance Department for verification of the following data fields through the Educators Licensure Information System (ELIS) (www.isbe.net).</p> <ul style="list-style-type: none"> • Name (including middle name, middle initial, and maiden name, if applicable and available) • SSN • Date of birth 			

EXHIBIT I

**Chicago Teachers' Pension Fund
Charter Schools
Pension Contribution Payroll Compliance Audit**

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
	<ul style="list-style-type: none"> • Type of license • Issue date of license • Expiration date of license <p>2. Compile certification status for each fiscal year in the scope period. Employees may have more than one certification. Use the identifying information, above, as well as the region in which the employee is/was licensed to determine whether license information matches Charter School employee/third-party contractor.</p> <p>3. Exclude licensed/certified employees whose ISBE position codes do not require licensure. Ensure there is an appropriate list of these codes for each of the fiscal years included in the scope period. Compare the certification effective start date to the employee's hire date to verify whether the employee started contributing timely.</p> <p style="padding-left: 40px;">a. For all employees identified in the Charter School payroll file, identify whether the employee was Completely Licensed, Partially Licensed, or Not Licensed for each fiscal year in the scope period.</p> <p>4. For individuals in an instructional ISBE position, for each Charter School and for each fiscal year of the scope period, determine both the total numbers and percentage of individuals completely certified, partially certified, and not certified. Test the results to determine compliance with the required statutory percentages in 105 ILCS 5/27A-10(c-5).</p>			

EXHIBIT I

**Chicago Teachers' Pension Fund
Charter Schools
Pension Contribution Payroll Compliance Audit**

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
5	<p>1. For all employees, reconcile Pensionable Wages per the Charter School payroll file to Reported Salary per the CTPF Pension Contribution report to identify variances for each fiscal year of the scope period. Perform the following:</p> <ul style="list-style-type: none"> a. For Completely Licensed employees, identify over-reporting and under-reporting employees and summarize the findings, including a tally of individuals and the related payroll earnings. b. For Partially Licensed employees, identify over-reporting and under-reporting employees and summarize the findings, including a tally of individuals and the related payroll earnings. c. For Unlicensed employees, identify employees reported to CTPF and summarize the findings, including a tally of individuals and the related payroll earnings. 			
6	<p>1. Prepare the Observation Listing. All exceptions should be noted here with corresponding management responses obtained when fieldwork is completed. Management responses should be "Agree," "Disagree," or "More Information Required." Provide details for all "Disagree" and "More Information Required" statuses to facilitate the identification of updates that will be needed.</p> <p>2. Prepare a trending analysis of the results which compares all fiscal years tested and graphically present the results.</p>			

EXHIBIT I

**Chicago Teachers' Pension Fund
Charter Schools
Pension Contribution Payroll Compliance Audit**

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
B	Form 941 Reconciliation			
1	1. Obtain the IRS Form 941 for each quarter within the scope period. Perform the following: <ul style="list-style-type: none"> a. Identify total number of employees reported on the Form 941 for each quarter of the fiscal years within the scope period. b. Identify the total number of employees reported on the Charter School payroll file for each fiscal year within the reporting period. c. Compare total number of employees and identify and reconcile variances between the two sources. All variances should be documented. 			
2	1. Prepare the Observation Listing. All exceptions should be noted here with corresponding management responses obtained when fieldwork is completed. Management responses should be "Agree," "Disagree," or "More Information Required." Provide details for all "Disagree" and "More Information Required" statuses to facilitate the identification of updates that will be needed. 2. Prepare a trending analysis of the results which compares all fiscal years tested for each school and graphically present the results.			

EXHIBIT I

**Chicago Teachers' Pension Fund
Charter Schools
Pension Contribution Payroll Compliance Audit**

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
	Wrap Up			
1	<p>Prior to the end of fieldwork, an internal status meeting should be held with the CTPF team.</p> <p>Prior to the meeting, a draft summary of observations should be distributed to the attendees. The observations should be a final list of deficiencies for which the Charter School has not provided sufficient documentation to close the finding.</p> <p>The goals of the meeting are to:</p> <ul style="list-style-type: none"> - Ensure that the objectives of the audit have been met. - Review a listing of observations to ensure that they are complete and valid. - Determine if the recommendations are reasonable. 			
2	<p>Schedule a closing meeting with CTPF management. Please cover, at a minimum, the following items:</p> <ul style="list-style-type: none"> - Objectives of the audit - Overview of the approach - Detailed summary of all variances that were excluded from testing, including a tally of individuals and the related payroll earnings - Draft observations - Reporting/wrap up process - Next steps <p>Note: The Audit Firm should always state that the summary of observations is in draft status and is subject to additional review.</p> <p>Also, the draft summary of observations should be distributed to the Charter Schools for response</p>			

EXHIBIT I

Chicago Teachers' Pension Fund Charter Schools Pension Contribution Payroll Compliance Audit

#	Audit Procedure	W/P Ref.	Completed By	Reviewed By
	<p>after the closing meeting with CTPF management. Management responses should generally be received within 45 calendar days. However, depending on the number of observations identified or other good cause, that time may be extended or reduced by the Board or its designee.</p> <p>The status of management responses should be provided to CTPF management on a biweekly basis.</p>			
3	Finalize the workpapers and submit for review to CTPF management.			
4	Prepare a draft audit report which includes all specific actions which must be taken to resolve any items disclosed during the audit. All findings where additional detailed testing was required must be fully disclosed in the audit report. Management responses should be included.			
5	Submit the draft report to CTPF Management for review and approval.			
6	<p>The final report and cover letter should be forwarded to CTPF Management for review and distribution.</p> <p><u>NOTE:</u> The final report will be provided to CTPF's external auditor and may be provided to the Chicago Board of Education.</p>			