McGladrey

To the Honorable Chairman and
Members of the County Board Finance Committee
Sangamon County, Illinois

In planning and performing our audit of the basic financial statements of Sangamon County, Illinois (County) as of and for the year ended November 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the County's internal control to be material weaknesses:

Reconciliation of Schedule of Expenditures of Federal Awards

We noted there were no formalized processes in place to reconcile the Schedule of Expenditures of Federal Awards (SEFA) to the County's general ledger. Such reconciliations should be performed at least annually for each department that receives federal funds to ensure that the SEFA is accurate and complete as of the fiscal year-end.

Segregation of Duties for the Payroll Function

The payroll supervisor performs all aspects of the payroll function, including reconciling gross payroll in the system to timesheets, initiating direct deposits, and entering new hire information into the system. A "back-up" employee was trained to perform the duties of the payroll administrator; however, for the current fiscal year, the payroll supervisor performed all payroll-related functions. The "back-up" employee should be required to periodically process the payroll. In addition, the County should implement review controls over payroll processing, such as reconciling the positive pay reports received from the bank to the payroll registers of the County, in order to mitigate the risk resulting from this lack of segregation of duties.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following control deficiency to be a significant deficiency:

Recording of Accounts Receivable

Accounts receivable are recorded as part of the County's fiscal year-end closing process. However, significant additional receivables were also noted during the audit that required adjustments to the general ledger. It is important that review controls are implemented by the County to verify that receivables for every department are recorded to ensure proper revenue recognition. If any department needs assistance to properly identify accruals, additional training should be provided.

This communication is intended solely for the information and use of the County Board, management, others within the County, 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.

McGladrey LLP

Springfield, Illinois
June 26, 2015