

Finance Committee of the County Board and Management  
Sangamon County, Illinois  
Springfield, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sangamon County, Illinois as of and for the year ended November 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of you operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated June 6, 2018, contains our written communication of material weaknesses in the entity's internal control. This letter does not affect our communication dated June 6, 2018.

#### ***Review of General Journal Entries***

During our audit, we noted that general journal entries are recorded to the accounting system, but are not always reviewed. We recommend that general journal entries be reviewed by an individual that did not prepare the general journal entries. The review should be documented by the reviewer's signature or initials and date. Lack of proper controls over journal entries can allow errors or irregularities to be undetected on a timely basis.

#### ***Management's Corrective Action Plan***

Starting as of July 2, 2018, general journal entries created inside the Treasurer's office will be reviewed by another individual and initialed and dated on the documentation before being filed. System generated entries created by subsidiary ledgers in the accounting system will not be required to be reviewed as they are automatically created and cannot be altered by the person posting the entry. General Journal entries created outside the Treasurer's office are already reviewed and posted by Treasurer's office personnel. The documentation for those entries will be initialed by the person posting the entry.

With the implementation of our new accounting system in FY 19, the approval process for general journal entries will require an approval by someone other than preparer if this is feasible in the new system.

***Review of Bank Reconciliations***

During our audit, we noted that there are separate individuals responsible for preparing and reviewing the bank reconciliations. However, the review of the bank reconciliations is not documented. We recommend the review of the bank reconciliations be documented. A formal review documentation process can help ensure reconciliations are completed timely and accurately.

**Management's Corrective Action Plan**

Starting with the June 2018 bank account reconciliations, the reconciler and the reviewer of the bank account reconciliation will be required to initial and date the reconciliation sheet.

With the implementation of our new accounting system in FY 19, we will attempt to build the documentation of preparer and reviewer into the process manager covering bank reconciliation if this is feasible in the new system.

***Health Department Convenience Fees***

During our audit, we noted that Health Department has been recognizing the customer convenience fees related to credit cards as a receivable/asset, however the convenience fee is paid by the Health Department and should be recognized as an expense of the County. This results in assets being overstated and expenses understated. We recommend the County record these fees as expenses at the time the expense is incurred.

**Management's Corrective Action Plan**

The Health Department was made aware of this issue in February 2018 by the Treasurer's Department. Health Department has begun process to terminate these merchant arrangements for credit card payments by 9/1/18 and will move to State of Illinois Epay system used by other county departments. Processing fees will be passed along to consumers and not paid by the Health Department.

***Department of Transportation Matching Funds***

During our audit, we noted that County does not recognize the receivable and related revenue/deferred inflow of resources from Illinois Department of Transportation related to matching funds as the County was unaware of when they would receive these funds. This results in an understatement of assets and revenues/deferred inflows of resources. We recommend the County work with Illinois Department of Transportation to determine the estimated amount of matching funds owed and ensure these amounts are recorded as receivables and revenue/deferred inflows of resources in the financial statements.

**Management's Corrective Action Plan**

During County Fiscal Year 2018, the Highway Department will establish a formal process for preparing estimates of reimbursements due from the Illinois Department of Transportation (IDOT) for project expenses paid by the County. Reimbursements not received by the County by the end of the fiscal year will be included in the County's year end reports of receivables. The instances noted in the finding all involved the reimbursement of project pre-engineering expenses paid by the County Highway Department. Such reimbursements do not occur frequently, and as noted in the finding, have not been reported as receivables in the past because the Highway Department did not know when the reimbursements would be received.

***Fund Types***

During our audit, we noted that the Long Range Planning Fund, Revolving Engineering Fund, Tax Research Fund, and Capital Improvements/Replacement Funds were recognized as special revenue funds, however these funds are not legally restricted for purposes other than debt services and capital projects, and should not be classified as special revenue funds. As such, these funds have been reclassified and are shown as capital project funds in the financial statements this fiscal year. We recommend reviewing each fund each year, and determining if it is still meeting the criteria for each fund type, per the definitions in GASB 54.

In addition, we noted that the Landfill Water Project, Highway Safety Project, and County Complex funds, which are currently classified as special revenue funds, are no longer used. We recommend that the County work on spending the remaining fund balance down in these funds and close the funds out.

**Management's Corrective Action Plan**

We agree. We will be reviewing each fund after the end of the fiscal year to determine if the fund is still meeting the criteria for each fund type, per the definitions in GASB 54.

We are considering closing out the Landfill Water Project fund as that project is completed. We are considering closing out the County Complex fund because the County building has been paid for. We are still receiving restitution payments from a former vendor that are deposited in the Highway Safety Project fund. We do not want to close that fund until the restitution has been paid for.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

\* \* \*

This communication is intended solely for the information and use of management, the Finance Committee to the County Board, others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Bloomington, Illinois  
June 6, 2018