



June 30, 2016

RSM US LLP

To the Honorable Chairman and
Members of the County Board Finance Committee
Sangamon County, Illinois
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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, 2015, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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 material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 several grants that are accounted for within the Community Resources Department that required adjustments to the Schedule of Expenditures of Federal Awards (SEFA).

We noted several funds within the Community Resources Department that required adjustments due to improper cut-off (and tracking) of expenses in the fiscal year being audited. During our testing of Community Resources Department federal expenditures, we noted several amounts that were expended in the prior year's SEFA and, thus, were overstated compared to the grant award amounts and required adjustments to reflect a true federal expenditure balance in the current year.

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 and entering new hire information into the system. A "back-up" employee was trained to perform the duties of 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.

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A significant deficiency is a deficiency, or a 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 deficiency in the County's internal control 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 noted during the audit that required adjustments to the general ledger. It is important that review controls be 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.

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