

Board of Village Trustees
Village of Ogden, Illinois
Ogden, Illinois

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, and each major fund of the Village of Ogden, Illinois (the Village) as of and for the year ended April 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency in the Village's internal control to be a material weakness:



MATERIAL WEAKNESS

Segregation of Duties

Currently, your Village Administrative Assistant/Clerk is responsible for water and sewer billings, as well as receiving and recording payments to the billing system and issuing customer credits. In order to reduce the risk associated with this lack of segregation of duties, we recommend that the Village separates the water billing and cash receipts functions, if possible. For some of our other clients with water systems, a local bank has been contracted to accept the water receipts on behalf of the Village. A report is then provided to the Village for input into the billing software, as well as for recording the bank deposits.

OTHER ITEMS

The following items are not considered to be material weaknesses or significant deficiencies but should be considered by the Village's and Library's management, Board of Village Trustees, and Library Trustees.

Village Investment Policy

Illinois Public Act 90-0688 requires that every unit of government in Illinois have a written investment policy. The Village currently does not have a written investment policy of which we are aware. We recommend that the Village adopt a written investment policy, if one does not already exist. The Illinois Municipal League has a template of an investment policy on its website, which may be useful and efficient in preparing a policy for the Village. That policy can be accessed at <http://www.iml.org/file.cfm?key=1776>.

Village Invoice Approval Procedure

During our testing of expenditures, we noted that invoices are approved in bulk by the Board of Village Trustees at the monthly meeting before checks are prepared, but individual invoices are not initialed to document approval. We recommend that together with the bulk approval process currently in place that the Board of Village Trustees consider assigning a Trustee to initial approved invoices, or alternatively, have Trustees sign the Approval to Pay list that accompanies the invoices to document the approval.

Library Accounting Information Protection

During our testing of items within the Library's accounting functions, we noted that the Income and Disbursements Tracking spreadsheet and the Payroll Tracking spreadsheet are maintained on a computer that is accessible by various individuals not involved in the Library's accounting process and those spreadsheets are not password protected. We recommend putting in place passwords to protect these files and allowing only individuals involved in the accounting process access to those spreadsheets.

Library Petty Cash

During our testing of the Library's cash, we noted that there is no formal process for tracking petty cash receipts, as well as no secured safekeeping of petty cash within the Library. The Library's management should have a tracking system in place for cash receipts that traces those amounts through to a deposit into the bank. The Library should also maintain petty cash in a secure location with restricted access within the Library.

Library Bank Reconciliation

During our testing of the bank accounts for the Library, it was noted that a written (on paper or in a spreadsheet) bank reconciliation is not consistently prepared. We recommend preparing a written bank reconciliation monthly for all cash accounts.

This communication is intended solely for the information and use of the Board of Village Trustees, management, and others within the Village, 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 "Matthew Hood" followed by a stylized monogram "LHC".

Champaign, Illinois

July 13, 2020