



## COMMUNICATION OF INTERNAL CONTROL MATTERS

Board of Trustees and Management  
Evergreen Park Public Library  
Evergreen Park, Illinois

In planning and performing our audit of the financial statements of Evergreen Park Public Library for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Evergreen Park Public Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Evergreen Park Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Evergreen Park Public Library'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 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 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 Library's internal control to be material weaknesses:

Financial Statement Reporting – A fully developed internal control system consists not only of the ability to properly record transactions, but to make all significant journal entries and to prepare full disclosure financial statements in accordance with generally accepted accounting principles, or other comprehensive basis of accounting. The Evergreen Park Public Library has not developed or outsourced the function of making all significant journal entries and preparing these statements. Auditing standards make it clear this is a recognized part of the organization's internal control system and should be highlighted as a material weakness. The effect of this weakness is that the organization is unable to prepare financial statements in accordance with U.S. GAAP.

During our audit we noted operational matters. These comments and recommendations, which have been discussed with the appropriate level of management, is intended to improve internal controls or result in other operating efficiencies and is described as follows:

Documented Approvals – It is the Library’s policy and practice that all invoices be approved by the Director. We noted that there is no requirement that the approval of invoices be evidenced by a sign-off on the physical invoice. We recommend that the Director document her review by initialing and dating each invoice so there is evidence of management approval for payment. Also, it is the Library’s policy and practice that all bank reconciliations and bank statements be reviewed by the Director for correctness, but no documentation of the review is required. We recommend that the Director initial and date each bank-related document reviewed so there is evidence of management approval.

Annual Financial Report to Comptroller – We recommend that the Library contact the Illinois Comptroller to inquire about getting registered to file an annual financial report that is typical of Illinois governments.

Program Revenues – The current accounting practice is to record revenue received for Library programs in the accounting records as a reduction in the related program expenditure line item. General accounting practices would have those revenues captured as a separate revenue line item rather than an expenditure offset.

Prior Year Comments – The Library received written comments from the prior auditor some of which have not been addressed. The first comment they identified was relative to petty cash not being recorded in the QuickBooks accounting record. Petty cash disbursements should be approved (initial and date) by an authorized person and supported by petty cash vouchers indicating proper account distribution. Petty cash should be reconciled on a regular basis to ensure funds are being used appropriately and in accordance with policy.

The prior auditor also noted insignificant discrepancies between cash register report amounts and actual cash collected, which is not uncommon among libraries. We recommend that a formal cash register reconciliation be performed with each bank deposit made.

This communication is intended solely for the information and use of the board of trustees, management and others within Evergreen Park Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

July 8, 2020

*McClure, Inseena & Co., Chtd.*