



Board of Trustees and Management
Town of Cunningham
Urbana, Illinois

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Town of Cunningham as of and for the year ended June 30, 2019, 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.

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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. 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.

Material weakness

We consider the following deficiency in the entity's internal control to be a material weakness.

The following material weakness was identified and communicated in a prior period; remedial action has not yet been taken:

Financial Statement Preparation

The Board of Trustees and management share the ultimate responsibility for the entity's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The entity engages CliftonLarsonAllen LLP to assist in preparing its financial statements and accompany disclosures and the depreciation schedules. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the entity's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, and the depreciation schedules, the entity should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, and depreciation schedules, are complete and accurate.

Such review procedures should be performed by an individual possessing a thorough understanding of applicable accounting principles and knowledge of the entity's activities and operations. Currently, the entity's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the entity's financial statements, related disclosures, and depreciation schedules to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected. This condition puts management at risk of not detecting material errors in the financial statements. Under generally accepted auditing standards, we are required to inform you of this. We make no recommendation as to whether management should or should not invest in additional personnel or additional training for existing personnel to acquire the capacity to maintain the level of expertise necessary to prepare financial statements, including all disclosures and the depreciation schedules.

Other deficiencies in internal control and other matters

During our audit, we became aware of deficiencies in internal control and others matter that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of the Board of Trustees, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

Bank and Credit Card Reconciliation Process

During our audit, we noted bank reconciliations are not always being completed timely and noted reconciling items that were more than one year old. To aid in the preparation of bank reconciliations and to reflect an accurate cash balance in the financial statements, all reconciling items should be investigated and be disposed of periodically. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are current transactions. We recommend that all bank accounts be reconciled each month prior to preparation of the monthly financial statements.

Additionally, we noted that there had been no reconciliations of the credit card statements completed since the credit card account had opened. Not completing a reconciliation can lead to errors or irregularities not being detected in a timely manner. In addition it is an internal control to ensure that all transactions have been recorded properly.

Journal Entry Review

Our review of the general journal entries revealed that entries prepared by the Township Supervisor lacked review and approval by another individual. The Township Supervisor is involved in all journal entries, and reviews entries by other individuals. We recommend the Supervisor's entries also be reviewed to assist with segregating duties. We recommend the adoption of a policy whereby all journal entries entered by the Township Supervisor be approved by the Assessor or Town Clerk. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. All journal entries should be accompanied by a full explanation and by reference to adequate supporting data.

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.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Champaign, Illinois
November 21, 2019