

CITY OF SPRINGFIELD, ILLINOIS

**COMMUNICATION OF MATERIAL WEAKNESSES
IN INTERNAL CONTROL**

February 28, 2017



September 25, 2017

To the Honorable Mayor and
Members of the City Council
and Management
City of Springfield, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Illinois (City) as of and for the year ended February 28, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 certain deficiencies 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 deficiency in internal control to be a material weakness.

Preparation of Financial Statements

The City is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). This includes preparing and/or thoroughly reviewing GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board. During the audit, a prior period adjustment was recommended in the governmental activities relating to prior year understated capital assets. We recommend that the City continue to improve controls to ensure all transactions are properly accounted for in accordance with generally accepted accounting principles.

Auditee Response:

Historically, the City has recorded fixed assets based on the disbursement date. We agree that this process does not capture items in accordance with generally accepted accounting principles at the government-wide level; however, this was not identified as a control deficiency in prior years' audits. Effective FY18 the process has been changed to include a review of the year-end accounts payable listing to ensure the capitalization of accrued items that were not yet paid. In addition, the City will further investigate using the enterprise resource planning system for the recording of fixed assets instead of relying on manual tracking.

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.

The City's written responses to the matters discussed have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Sincerely,

Sikich LLP

Sikich LLP
Springfield, Illinois