



PEORIA COUNTY, ILLINOIS

COMMUNICATION OF MATERIAL WEAKNESS AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL

December 31, 2018



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To the Members of the Peoria County Board,
and Management
Peoria County, Illinois
Peoria, 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 Peoria County, Illinois (County) as of and for the year ended December 31, 2018, 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 opinions on the 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 and therefore material weaknesses or significant deficiencies may exist that are not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be 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 did not identify any deficiencies in internal control that we considered to be material weaknesses.

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 deficiencies in the County's internal control listed on the following pages to be significant deficiencies.

The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This information is intended solely for the information and use of management, the County Board, and others within the County, 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
June 27, 2019

SIGNIFICANT DEFICIENCIES

Segregation of Duties

During our testing of user access controls in the Pentamation system that several users did not appear to have properly restricted access rights. For example, we noted several users that had the ability to both enter/modify requisitions and approve requisitions. Additionally, we noted that departments are not reviewing Pentamation access rights on a regular basis to ensure timely action relating to requesting, establishing, issuing, suspending, modifying, and closing user accounts. User access rights should be granted on a need-to-know, need-to-do basis that considers appropriate segregation of duties and be reviewed on a regular basis. We recommend the County develop and follow formal policies and procedures to ensure appropriate user access rights. Such policies should ensure timely action relating to requesting, establishing, issuing, suspending, modifying, closing and reviewing user accounts.

Management Response:

Security access within Pentamation is requested by the employee's manager or supervisor. Historically the access has been based on the employee's role within the department or the role of the person they are replacing. The manager or supervisor determines the security required based upon the size of the department and the internal processes and workflows. In some cases, it may require individuals to have both creation and approval rights within Pentamation.

Pentamation security reports are available for every user in the system but are not easily understandable. Historically Peoria County IT has contacted the vendor for all questions related to security because of the limited details within the system. IT has submitted numerous request to Pentamation regarding improving the security reporting within the system. So far, no changes have been made by Pentamation to improve this.

Peoria County IT and Finance are currently planning a project in 2020 to replace the Pentamation Finance system. A more robust security system with reporting will be a key requirement for the new system. - Mark Little, Chief Information Officer

SIGNIFICANT DEFICIENCIES (Continued)

Purchasing

Based on review of purchasing internal control narratives provided by management, we noted that not all departments are consistently following the purchasing policy. Per the purchasing ordinance, the Purchasing Agent is responsible for procuring and supervising the procurement of all goods and services, and construction needed by the County. Per review of purchasing internal control narratives, it was noted that not all purchases are going through the Purchasing Agent that may result in the County entering into unapproved contracts and receiving goods and services that did not receive prior approval. Based on our review purchasing transactions selected for testing, we did not note non-compliance with with the purchasing policy. However, based on the nature of our audit, we do not review all purchasing transactions. Accordingly, to help monitor the volume of purchases due to budget constraints and ensure that purchases are initiated with proper approval, we recommend all County departments follow the established purchasing policy.

Management Response:

As discussed with the external auditors, the larger purchases actually have seen an appropriate level of compliance. The concern is the compliance on smaller purchases. While it is a good reminder that all County offices and departments should comply with the purchasing policy, by and large there is an acceptable level of compliance from this group. The larger issue has to do with independent Boards and Commissions which often follow their own purchasing policy, which is separate from the County's policy. It is recommended that all county offices and departments, but particularly those reporting to independent Boards and Commissions follow the County's purchasing policy and contact the County's Purchasing Agent should questions arise related to compliance. Compliance with the County's purchasing policy is something that can be reinforced with department heads as part of the annual budget process – Randy Brunner, Chief Financial Officer