

REGION 1 PLANNING COUNCIL,
ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



November 8, 2021

Members of the Board
Region 1 Planning Council
Rockford, Illinois

In planning and performing our audit of the financial statements of the Region 1 Planning Council (the Council), Illinois, for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Executive Director and senior management of the Region 1 Planning Council, Illinois.

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 Council personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Council staff.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

CURRENT RECOMMENDATIONS

1. **COLLATERALIZATION OF DEPOSITS**

Comment

During our current year-end audit procedures, at June 30, 2020 the bank balances were \$851,782 of which only \$250,000 were insured or collateralized. There was a balance of \$601,782 which was not insured or collateralized.

Recommendation

Consideration should be given to having all bank deposits insured or collateralized.

Management Response

Effective July 16, 2020, shortly following the close of FY2020, a pledge securities control agreement was executed and that pledged value is \$2,000,000.

2. **FUNDS OVER BUDGET**

Comment

During our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

| Fund | Excess |
|--|--------------|
| General | \$ 1,088,678 |
| Winnebago County Geographic Information System | 16,035 |

Recommendation

We recommend the Council investigate the causes of the funds over budget and adopt appropriate future funding measures.

Management Response

Management acknowledges this comment and notes that the General Fund had several unbudgeted grant awards, predominantly related to: IDHS Census (State), Statewide Planning and Research Funds - Regional Interchange and Streetlight Data (State/Federal), US DOJ PSN19 (Federal). The WinGIS Policy Board recommended a spend-down of fund balance.

CURRENT RECOMMENDATIONS - Continued

3. **FUNDS WITH DEFICIT FUND BALANCE**

Comment

During our current year-end audit procedures, we noted the following funds with deficit fund balance:

| Fund | Deficit |
|-----------------|-----------|
| General | \$ 40,673 |
| Trustee Program | 41,117 |

Recommendation

We recommend the Council investigate the causes of the deficit and adopt appropriate future funding measures.

Management Response

Management acknowledges this comment and notes indirect costs are paid out of General Fund with revenues recognized in other funds. In FY2021, we have implemented a system to recognize expenses and revenues in the same funds.

PRIOR RECOMMENDATION

1. **ACCOUNTING SOFTWARE**

Comment

Previously and during our current year-end audit procedures, we noted that the Council is using Quickbooks as the accounting software package. While this software does provide for general accounting and bookkeeping functions for the Council the version being utilized by the Council does not support multi-fund reporting. Therefore, the recording of certain transactions between funds becomes cumbersome and inefficient and there are reporting limitations with the software as it relates to producing multi-fund financial statements.

Recommendation

We recommended that the Council review its current accounting software package and possibly work with Quickbooks to determine if there are other software capabilities that can be utilized to better support multi-fund reporting for the Council. There are also specific software packages available that are specifically designed to support multi-fund accounting and financial reporting.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and while we are interested in recommendations for alternative applications, implementation may be cost prohibitive.