

**DuPage Township,
Illinois**

Report on Internal Control

**For the Fiscal Year Ended
March 31, 2014**

To the Board of Trustees
DuPage Township, Illinois
Bolingbrook, Illinois

In planning and performing our audit of the financial statements of DuPage Township, Illinois (Township) as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been 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 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 consider 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.

The comments that accompany this letter summarize the control deficiencies identified during the audit and suggestions regarding those matters. This letter does not affect our report dated September 23, 2014, on the financial statements of DuPage Township, Illinois. Responses to our communication of the above matters have been prepared by Township management and are included in the comments that accompany this letter. Accordingly, we do not express an opinion on management's responses to our communication.

This communication and the accompanying comments and recommendations are intended solely for the information and use of the Board of Trustees and management, and are not intended to be nor should be used by anyone other than these specified parties.

Oakbrook Terrace, Illinois
September 23, 2014

PRIOR YEAR COMMENTS

SIGNIFICANT DEFICIENCIES

Gift Card Donations Received

Comments:

A local food retailer sponsors a program whereby customers can purchase gift cards for the benefit of local communities. DuPage Township has been selected by the retailer to be one of the benefitting organizations. There are three promotions per year whereby store customers can purchase gift cards at checkout which will be matched 100% by the retailer and then sent to DuPage Township. The cards, and all correspondence, are sent to the food pantry supervisor at the food pantry location, or to a personal email account. The supervisor is responsible for both recordkeeping and distribution of these gift card donations. During our audit, we noted that there is no documentation of receipt and or usage of these gift cards and the revenue and related expenditures are not recorded in the general ledger. Based on a confirmation provided by the food retailer, the Township received \$6,450 in gift card revenue in FY14 (\$4,350 in FY13), and this amount along with the related expense, was recorded in the financial statements as of March 31, 2014 as an audit adjustment.

Recommendation:

We recommend that the Township develop and implement a process for tracking these donations. The process should include recognition of the gift card revenue when received as well as the expenditures for when the gift cards are used or distributed. The process should include the following internal controls:

- Specific assignment of responsibility for safeguarding the gift cards and maintaining the records.
- Communication with the donor organization to utilize the Township Administration office address for all correspondence as well as Township email addresses.
- Recordkeeping:
 - Correspondence files for each of the programs for which the Township participates.
 - Gift card log indicating card number, date used, amount used and balance (until the card is fully used).
 - Original register receipts for purchases made using the gift cards should be attached to the applicable gift card log.
- Monitoring:
 - Copies of all correspondence from Meijer awarding the cards, the gift card usage logs and all applicable receipts (for purchases made using the gift cards) should be provided to accounting so that the proper entries can be recorded in the Township's financial statements.
 - On a random basis, a surprise count of the cards on hand should be performed by the accounting department. Once counted, the cards should be reconciled to the gift card logs to determine complete and accurate recording of the activity throughout the year.

PRIOR YEAR COMMENTS

SIGNIFICANT DEFICIENCIES

Gift Card Donations Received (Cont.)

Current Status:

This comment is still applicable for fiscal year 2014.

Management's Response:

Subsequent to yearend, the Township has implemented controls based on the internal control suggestions stated in the above paragraph.

Affiliated Nonprofit Organizations' Cash Accounts

Comments:

The Township has two affiliated Not for Profit Organizations (NFP) that were established for the benefit of Township programs. During the audit, the NFPs' bank statements were obtained and activity summaries were prepared, in order to determine whether the NFPs' should be reported as Component Units of the Township. These NFP Organizations were determined not to be material to the Township's operations, and thus were not included in the Annual Financial Report. However, the Township Supervisor is a current authorized signer on the cash accounts and approves the disbursements. We noted that these accounts are not being reconciled or monitored during the year.

Recommendation:

The NFP Boards and their management should establish and develop processes similar to that of the Township. These processes would include procedures and internal controls for cash receipts, cash disbursements, bank reconciliation and financial reporting. The financial reports and information should be made available to the Township as needed.

Current Status:

During fiscal year 2014, the Township implemented procedures whereby the accounts noted above are monitored and reconciled by Township staff. **This comment is considered satisfied.**