

VILLAGE OF MONTGOMERY, ILLINOIS

MANAGEMENT LETTER

April 30, 2015



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

The Honorable President
Members of the Board of Trustees
Village of Montgomery, 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 Village of Montgomery, Illinois (the Village) as of, and for the year ended April 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control that we consider to be a significant deficiency.

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. 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 Village of Montgomery Illinois' written responses to the comments identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

This report is intended solely for the information and use of the President, Board of Trustees, and management and should not be used by anyone other than these specified parties.

Silich LP

Naperville, Illinois
August 14, 2015

SIGNIFICANT DEFICIENCY

1. Payroll Internal Controls

As documented in prior years, during our testing, we noted that four (4) employees have full access to the payroll module, which can compromise internal controls over payroll. The person entering and processing payroll should not have the ability to change pay rates or other data. We recommend that access to the processing module and data entry module should be restricted.

As documented in prior years, when employees are given pay increases, within the payroll system no reports are run to show rate changes made. There is an audit function in the software that shows who has made changes to any employee in the system, but it is not reviewed by anyone. We recommend that this report be reviewed and approved by someone outside the payroll process during each payroll run.

Management Response

The Village will update the Sungard Pentamation software starting in September 2015. As part of this update, we will restrict access to the payroll system only to those that need it to perform the functions of their job. In addition, the Village will run and review the audit report when payroll rates are changed in the system.