



**TANNER MARLO CPAs, INC**

Certified Public Accountants

509½ EAST DeYOUNG  
MARION, ILLINOIS 62959  
tannermarlo@hotmail.com

(618) 993-6193  
(618) 997-2100 FAX

February 14, 2013

To those charged with management and Board of Commissioners of Union County:

The following list was provided to the County for them to gather the materials we would require of the audit early in January. I've taken the time to summarize the status of each item.

- 1) All financial statements (General ledgers, trial balances, payroll summaries, etc.)
  - We currently have financials that have been provided by a few of the offices, and we recently received the Fundware financials for the County, which weren't available as quickly as we all would've liked. Upon inspection, it is apparent that these financials cannot be relied upon as a whole. We will have to systematically recompile financials for the County in order to ensure the audit contains accurate figures for the year.
- 2) Any regulatory filings made for the year with supporting documentation (W-2s, tax returns, 1099s, time sheets etc.)
  - It is my understanding these are all available in the County Clerk's office for whenever we request them. If this isn't the case, we will immediately contact you to ensure this is remedied.
- 3) Board minutes
  - These have been provided to us both on the County's website and from the County Clerk's office. We will likely continue to reference them as the audit process continues to keep the events fresh in our minds, but an initial review has already been conducted.

- 4) List of board members and employees (Preferably one noting the positions held by each)
  - This is mostly available on the website, but we will be talking to Kelly to ensure we have the most recent version available to work with and examine. A preliminary review on the initial list has already been conducted.
  
- 5) All invoices for revenue and expense for the year
  - Revenue invoices have already been reviewed, as they were made available by the Treasurer's office. Expense invoices are available in the County Clerk's office, and will be reviewed in the coming weeks.
  
- 6) All bank statements and other letters from financial institutions
  - Bank statements have been made available by the Treasurer's office, and an initial review of some of the bank statements has already been conducted. They will be reviewed further as the audit process continues.
  
- 7) All notable correspondence with legal/financial professionals
  - Some correspondence has already been reviewed, and it is our understanding that anything else we might need to examine will be made available to us by the individuals that are trusted with maintaining the files for such items.
  
- 8) All policies that are in effect for the entity (Personnel, Insurance, Internal Control, Whistle blower, etc.)
  - The insurance policy will be made available by Kelly upon request. The County doesn't have up-to-date policies for many other matters, but is currently on updating them. We will be working with the County to ensure that proper policy and procedural documents are not

only in place, but followed to maintain an adequate level of quality control within the County.

9) All agreements held in the entity's name (Loans, Bonds, Grants, etc.)

- Kelly has bond and grant information in the Commissioner's office that is ready to be reviewed. We will be reviewing these documents in the coming weeks.

10) Copy of Property Tax rates and extensions

- The County Clerk has a copy of the Property Tax rates and extensions available in his office. We will be obtaining it in the coming weeks.

11) Ordinances (Specifically: Appropriations and Tax levy ordinances)

- Ordinances are available on the website, and we have already conducted a preliminary review of the documents.

In summation, we have covered more ground in the first month on this audit than we have in any prior year. We have sent out many of the confirmations that will be needed, with the few remaining to be sent out in the near future. We have reviewed a great deal of the County's financials and supporting documentation, conducted interviews with County employees, examined various legal documents and agreements, and been in consistent communication with specific individuals within the County to ensure that we maintain an open line of communication throughout the audit process to ensure that we can stick to the proposed audit timeline as best as we possibly can.

Unfortunately, all of that doesn't necessarily put us in a position where we are much further ahead from a progression standpoint compared to previous. We firmly believe that there is an issue with the accounting software that the County is attempting to use that is preventing them from being able to properly fulfill the financial reporting function for the County. This needs to be combated with either the decision to implement a more functional system, or with the

investment of time and training to ensure that personnel can actualize the potential of the software that is available. It is very unlikely that we will be able to issue an unqualified opinion on the audit report because of this. Due to the nature and extent of the issues that relate to the software, we don't have an adequate way to gauge the sheer amount of hours it is going to require us all to put in in order to stick with our proposed timelines. We do know, however, that the problem is extensive enough that it will require us to do additional procedures that we wouldn't have to otherwise, as the issue is quite severe. We hope to be able to provide a more accurate picture of where we sit in respect to the timelines by our next meeting, which will be attended by Carlos Tanner.

With all of that said, we do feel that the only way to ensure progress for the County is to highlight some of the problems. As such, we feel that County will be in a better position when moving towards than future than when this audit process was initiated. We also feel that the progress reporting that has been added in place for this year will prove to be very beneficial for both parties. We want to thank you for your time and the opportunity to serve the County with a shared goal of making improvements and continually reaching for something better.

Respectfully Submitted,



-Alex McCree  
Audit Manager  
Tanner Marlo CPAs  
Marion, IL 62959