

The Honorable Mayor
Members of the Board of Trustees
Village of Willowbrook, 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 Willowbrook, Illinois (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 opinions 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.

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 of the Village's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 Village's financial statements will not be prevented or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

We observed the matter accompanying this letter that we consider to be a control deficiency.

Management's written response to the deficiency identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Control Deficiency

Entity Level Controls

Previously Reported Comment

Comments: We have considered the internal control structure, including the risk of fraud, at the Village in order to determine our audit procedures. The Village does not perform a formal fraud risk assessment and has no formal fraud prevention program. Fraud prevention requires a system of rules that minimize the likelihood of fraud occurring and at the same time maximizes the possibility of detecting any fraudulent activity. A strong fraud prevention program should incorporate the five interrelated components of internal control:

- Control Environment.
- Risk Assessment.
- Control Activities.
- Information and Communication.
- Monitoring.

Recommendations: We recommend that the Village document and adopt a formal fraud prevention program. The program should document the policies, procedures and strategies related to the five components of internal control and all components should be reviewed. The control environment sets the moral tone and is the base on which all of the other aspects of internal control are built. It is necessary that top management be responsible for the internal control and fraud prevention programs of the Village.

Current Year Status: The fraud risk assessment is in the process of being addressed by the Village. **This control deficiency is repeated.**

Management's Response: The Village has a system of internal controls in place over each area of financial transactions, and has written documentation detailing those controls which we have provided to the auditors for many years. In addition, the Village has procedural memos detailing how each of its financial processes is performed. Unfortunately, due to limited staff, the Village has not been able to perform a formal fraud risk assessment and implement a formal fraud prevention program of the scope suggested by the auditors. However, the Village remains committed to creating a policy to address these issues. In July 2013, the Village, utilizing an outside consultant, began a formal technology assessment of each of its financial processes. When the results are received, the Village will utilize them as a platform to begin a formal assessment of the risks of those processes and ultimately formulate them into a fraud prevention policy. As of April 30, 2015, the technology assessment has been completed and the Village plans to implement any additional controls needed during its software implementation in fiscal year 2015-16. The

Village has requested a sample fraud assessment policy to assist in developing a Village specific policy.

Other Comment

New Accounting Pronouncement

Comment: In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for the Village's fiscal year ending April 30, 2016. Management is in the process of determining what impact, if any, this GASB statement might have on its financial statements.

Recommendation: We recommend the Village continue to assess the impact of the implementation of GASB Statement No. 68 and take steps to ensure the Village is prepared to implement the new standard for the year ending April 30, 2016. This will require communication and coordination with actuaries and investment managers/advisors to ensure the required information is available.

This communication is intended solely for the information and use of management, the Mayor, the Board of Trustees and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Oakbrook Terrace, Illinois
October 9, 2015