



Management
City of West Allis, Wisconsin
West Allis, Wisconsin

In planning and performing our audit of the financial statements of City of West Allis, Wisconsin (the “City”) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. A separate communication dated July 30, 2020, contains our written communication of material weaknesses in the City’s internal control. This letter does not affect our report on the financial statements dated July 30, 2020, nor our internal control communication dated July 30, 2020.

1. Review of Journal Entries

Whenever possible, an individual should not prepare, review, approve, and post a journal entry within the accounting system. We noted that the City did not follow its policy to have an individual with the appropriate skills, knowledge, and expertise document their review of journal entries prepared by accounting staff. If a journal entry is not reviewed and evidence of that review is not document, there is increased risk that a journal entry can be posted resulting in error or omission of financial information within the accounting system. We noted that the City intends to use their DocuWare software to document the review and approval of the journal entry prior to posting.

We recommend that the City review its policy related to the preparation, review, approval, and posting of all journal entries. The City should ensure that review of the prepared journal entry with the appropriate supporting documentation be performed by an individual separate from the preparer. That review and approval to post the journal entry should be documented and maintained as evidence of the completed process.

2. Bank Reconciliation Process

We noted that the bank reconciliation process was not occurring timely, as the bank reconciliation were not available for audit until June 2020 for months ending in 2019. The cash receipting process and methods for reconciling the daily cash deposits to receipt records make it difficult to complete the bank reconciliation process. Currently, the City does not consistently maintain support that reconciles the bank deposits to the receipts processed within the accounting system. We noted immaterial reconciling variances still existed in the bank reconciliations provided for audit.

We recommend that the City review its policy related to the balancing of receipts in the accounting ledger to the deposits made to the bank. The City should ensure that the balancing

of the banking activity occur at a frequency that allows for an efficient and effective means to reconcile the activity.

3. Documentation of Payroll Review Process

We noted that the City does not consistently document the review process that is occurring of the payroll activity prior to disbursement. The process of performing payroll is such that the process is occurring and the result is payment of compensation and withholding of benefits and taxes resulting in the disbursement of cash to employees. We did not note formal review of the overall payroll register for accuracy prior to authorization to disburse. We were able to discuss the process with the Finance Director, noting that there are undocumented reviews that may occur, but the process for documenting the review does not consistently occur.

We recommend that the City review its policy related to the review of the payroll process. The City should ensure that the review of the payroll activity and related supporting documentation be performed by an individual separate from the preparer. That review and approval to post the journal entry should be documented and maintained as evidence of the completed process.

4. Capital Asset Record Keeping

We noted that the City identified immaterial variances between the detailed capital asset listing and the summarized asset categories reported in the financial statements.

We recommend that the City review its process and controls for maintaining capital asset records which includes maintaining a listing of assets, depreciation schedule, asset additions during the year, asset disposals during the year, and reconciliation of the City's capital outlay activity to capital asset additions. Asset listings should be reviewed at a minimum annually to ensure the additions and deletions reported in the financial statements are appropriately updated on the detailed listings. Asset listings should also be reviewed for fully depreciated assets that have been disposed.

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 entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
July 30, 2020