



Board of Commissioners and Management
Interstate Medical Licensure Compact Commission
Littleton, Colorado

In planning and performing our audit of the Interstate Medical Licensure Compact Commission (IMLCC), which are comprised of the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the period ending June 30, 2020, and the related notes to the financial statements, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. 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.

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. Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. 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.

Other Deficiencies

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.

Year- end Reconciliation of Accounts Payable

In our testing of accounts payable, we noted one invoice for services performed in fiscal year 2020 that were not properly recorded as expenses and payables within 2020 for \$9,565. IMLCC passed on accruing this expense and correlating liability for fiscal year end 2020 as it was immaterial. We recommend that IMLCC implement a process to review payments made after the fiscal year end to ensure that the expense for the payment is recorded in the fiscal period that the service provided to IMLCC was performed in.

Physical Evidence of Review

In our testing of Journal Entries, Expenses, and Cash, we noted IMLCC does not have physical proof of approval over journal entries, expenses, and bank reconciliations. We recommend that IMLCC implement a physical review process so that the approval can be evidenced.

Vendor Change Process

In our testing of the vendor change process, we noted that IMLCC does not have a formal vendor change process in place. CLA recommends that IMLCC adopt a formal vendor change process to ensure no vendors are fraudulently paid in the future. A Government Finance Officers Association (GFOA) advisory was issued regarding best practice recommendations around electronic vendor fraud and ways to mitigate these risks, this can be found at: <https://www.gfoa.org/materials/electronic-vendor-fraud>.

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.

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This communication is intended solely for the information and use of management, Board of Commissioners, 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

Broomfield, Colorado
July 27, 2021