



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

In planning and performing our audit of the financial statements of the business-type activities of Interstate Medical Licensure Compact Commission as of and for the year ended June 30, 2021, 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 and 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. 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Other deficiencies in internal control and other matters

During our audit, we became aware of other deficiencies in internal control 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.

Segregation of Duties

In our testing over internal controls, we noted the Executive Director and Controller both can perform most actions. CLA recommends that IMLCC continues to improve segregation of duties and begin to remove access from the Executive Director and Controller so they no longer can perform tasks that they do not regularly perform. CLA notes as IMLCC grows, more checks and balances should be implemented to strengthen internal controls and have proper checks and balances.

Physical Evidence of Review

In our testing of Journal Entries, Expenses, and Cash, we noted IMLCC does not have consistent physical proof of approval over journal entries, expenses, and bank reconciliations. We recommend that IMLCC continues to strengthen controls and processes surrounding the review process to ensure all approvals are evidenced.

Year-End Reconciliation of Accrued Expenses

In our testing over Grant Revenue and Expenses, we noted one invoice for services performed in fiscal years 2020 and 2021 that were not properly recorded over both fiscal years. The total amount of the invoice of \$47,740 was recorded entirely in FY20, while \$14,322 should have been accrued to fiscal year 2021. IMLCC is passing on adjusting this amount as it was immaterial to the overall financial statements. We recommend that IMLCC implement a process to review expenditures at year end to ensure the expense is properly recorded in the fiscal period that it was incurred.

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
February 18, 2022