

SOUTHWEST IOWA HOUSING TRUST FUND

Independent Auditor's Report on Internal Control

Year Ended June 30, 2020

# Gronewold, Bell, Kyhnn & Co. P.C.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors  
Southwest Iowa Housing Trust Fund  
Atlantic, Iowa

In planning and performing our audit of the financial statements of Southwest Iowa Housing Trust Fund as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Southwest Iowa Housing Trust Fund'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Southwest Iowa Housing Trust Fund's internal control to be significant deficiencies.

### Segregation of Duties

A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of these aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Agency. We recognize that it may not be economically feasible for the Agency to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. This is a common deficiency among most small organizations.

Reconciliation of Notes Receivable

We noted during the audit the detail notes receivable were not being reconciled to the general ledger control accounts. We recommend that all receivable accounts be reconciled monthly to strengthen internal controls and improve the accuracy of interim financial statements.

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

*Demond, Bill, Thye - W. P.C.*

Atlantic, Iowa  
February 11, 2021