

Management Letter

Kili/Bikini/Ejit Local Government

Year ended September 30, 2020



**Shape the future
with confidence**

January 23, 2026

The Honorable Mayor Tommy Irujiman Jibok
Kili/Bikini/Ejit Local Government

In planning and performing our audit of the financial statement of the Kili/Bikini/Ejit Local Government (KBLGOV), which comprises the statement of cash receipts and disbursements for the year ended September 30, 2020 in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of KBLGOV's internal control. Accordingly, we do not express an opinion on the effectiveness of KBLGOV'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 on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or 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.

During our audit, we noted the following deficiencies in internal control (as described above) and other matters:

Completion of Files

Condition: During the audit, the following documents were not available for inspection:

- Council Resolutions
- Appropriation Ordinances

Recommendation: We recommend executive minutes, ordinances and resolutions as approved by the Council be formally documented and maintained by the Council Clerk.

Payroll

Condition: During the audit, we noted the following exceptions over payroll disbursements:

- a. Employee contracts or Personnel Action Forms evidencing payrates and other benefits were not maintained for all employees.
- b. Payroll disbursements from the Labor Account were not evidenced by supporting timesheets for the following items:

<u>Check #</u>	<u>Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Date</u>	<u>Amount</u>
33048	11/01/2019	\$953	37327	04/30/2020	\$171
33904	11/29/2019	\$1,797	38202	06/01/2020	\$403
35714	02/28/2020	\$1,000	39020	07/01/2020	\$332
36542	04/01/2020	\$212	32196	01/01/2019	\$171
34800	01/15/2020	\$1,487	39955	08/28/2020	\$201
38338	06/05/2020	\$648	25833	12/05/2019	\$873

Recommendation: We recommend management establish internal control policies and procedures over processing, disbursement and maintenance of payroll related transactions.

This communication is intended solely for the information and use of KBLGOV management, the Council, others within the organization, and the Office of the Auditor-General, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

At this time, we would like to thank all the staff and management of KBLGOV for their cooperation extended to us during the course of our audit. We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst & Young