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Board of Directors and Management
Northwest Colorado Council of Governments
Silverthorne, Colorado

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Northwest Colorado Council of Governments as of and for the year ended December 31, 2017, 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.

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. This letter does not affect our communication dated April 17, 2018.

Preparation of Financial Statements

Northwest Colorado Council of Governments engages CLA to assist in preparing its financial statements, accompanying disclosures, related components of fund balance and the schedule of expenditures of federal awards. However, as independent auditors, CLA cannot be considered part of the Northwest Colorado Council of Governments' internal control system. We recommend Northwest Colorado Council of Governments review and enhance its year-end closing procedures to ensure the general ledger and trial balances include all adjustments necessary to prepare its financial statements in accordance with generally accepted accounting principles.

Information Technology System and Segregation of Duties

Northwest Colorado Council of Governments has an inherent problem it shares with other entities of its size in that it has limited number of personnel performing accounting and administrative functions; therefore, complete segregation of duties and responsibilities is not practical. This includes employee issued credit cards and the journal entry review process. This situation emphasizes the need for on-going Board review of the Northwest Colorado Council of Governments' operations as a compensating control for user access within Quickbooks, employee issued credit cards and the journal entry review process.

During current year procedures, we noted that one employee had been terminated during 2017, but still had user access to the Quickbooks system. This increases the risk that a terminated employee could still log into Quickbooks if they were on a Northwest Colorado Council of Governments computer. We recommend that Northwest Colorado Council of Governments update their termination paperwork to include deleting employees from Quickbooks.

Salary Rates

During testing, it was noted that one employees moved from salary to hourly in the middle of the year, but was paid a salary rate for two pay periods after the effective date of the approved employee action form. We recommend that Northwest Colorado Council of Governments run a report and review the rates of each employee prior to payment.

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, Board of Directors and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Greenwood Village, Colorado
April 17, 2018