

**ENTREPRENEURS' ORGANIZATION**

REPORT ON INTERNAL CONTROL  
BASED SOLELY ON FINANCIAL STATEMENT AUDIT

YEAR ENDED JUNE 30, 2013





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To the Board of Directors and Management of  
Entrepreneurs' Organization

In planning and performing our audit of the financial statements of Entrepreneurs' Organization (EO) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered EO'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 EO's internal control. Accordingly, we do not express an opinion on the effectiveness of EO'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 EO's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 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 matters described in the attached memorandum to be significant deficiencies.

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

*Calibre CPA Group, PLLC*

Bethesda, MD  
November 1, 2013

## **ENTREPRENEURS' ORGANIZATION**

### **COMMUNICATIONS OF INTERNAL CONTROL RELATED MATTERS**

YEAR ENDED JUNE 30, 2013

#### **2013-1 INFORMATION TECHNOLOGY ISSUES**

As required by U.S. auditing standards, we obtained an understanding of internal control sufficient to plan the audit by performing procedures to understand the design of controls relevant to an audit of financial statements and determining whether they have been placed in operation. We also considered how EO's use of information technology and manual procedures may affect internal controls relevant to the audit. In connection therewith, we identified the following matter that we believe should be addressed by management.

##### Update IT policies and procedures manual

There is a general lack of IT system, program, user, and operations documentation. Without proper documentation, management is not assured that its policies and procedures are being carried out. Particularly because there is only one programmer/analyst, we believe it is critical to document the existing system in case the programmer should become unavailable. In addition, documentation is an effective tool for training new personnel, providing operating instructions, and assisting in system revision and development and program maintenance. We recommend that management initiate efforts to provide, and keep up to date an IT policies and procedures manual.

#### **2013-2 MANAGEMENT SHOULD IMPLEMENT PROCEDURES TO IMPROVE THE SUBSTANTIATION OF EXPENSES INCURRED BY EMPLOYEES WITH CREDIT CARDS**

EO provides corporate credit cards for use by certain employees to finance the purchase of goods and services or pay for travel costs incurred on behalf of the organization. EO has accounts with American Express, Diner's Club and VISA, with a total of 36 cards issued to employees. During our testing of credit card charges, we noted instances in which supporting receipts were not submitted to substantiate the business nature of the expense. In a sample of 34 charges, receipts or similar support were not provided for seven charges totaling \$4,892.

We understand that EO does not currently require the submission of supporting receipts for credit card charges on a regular basis; rather, employees are required to maintain their own supporting records. To improve controls and also help ensure compliance with IRS accountable expense reimbursement plan rules, we recommend EO implement procedures to ensure credit card charges are appropriately substantiated and that employees provide receipts or similar documentation on a monthly basis.