



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Date: December 7, 2022

Memorandum To: Maury Service Authority

From: Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2022

In planning and performing our audit of the financial statements of Maury Service Authority for the year ended June 30, 2022, we considered the Authority's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated December 7, 2022 on the financial statements of Maury Service Authority. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Formal Policies and Procedures (Repeat Comment)

Finding

The Authority ended their contract with the City of Lexington to operate the water and wastewater treatment plants at the conclusion of fiscal year 2016. The Authority assumed the employees who work at the facilities that were previously City employees and is now responsible for the operation of its own facilities. However, the Authority is still following some of the existing policies from the City of Lexington.

Recommendation

We recommend that the Authority establish formal written policies covering over areas such as personnel, procurement and purchasing, capital assets, credit card usage, and travel reimbursement. In addition, a whistleblower policy should be created.

Bank Reconciliations

Finding

Although formal bank reconciliations are prepared each month, the reconciliations provided for audit do not have formal reviewer signoffs.

Recommendation

We recommend that monthly bank reconciliations be reviewed (with formal date and initial/signature signoffs or electronic stamps) by someone independent of the preparer.

Procurement

Finding

The Authority obtained a proposal from one vendor for the switchgear replacement project. However, the competitive requirements of the Virginia Public Procurement Act (VPPA) were not followed by soliciting bids from qualified vendors or by formally documenting that the item was an emergency procurement or sole source and there is no signed contract for the work.

Recommendation

There was no formal documentation of procurement considerations noting that this electrical equipment was considered an emergency replacement from a sole source provider due to the equipment's compatibility with existing equipment from the manufacturer. We recommend that management review the VPPA and procure future items through competitive procedures as required by the VPPA. Documentation of solicitations, responses, evaluations of responses, and award decisions should be maintained on file. Formal documentation should also be maintained in the event there is a sole source or emergency procurement situation.