

ROANOKE COUNTY PUBLIC SCHOOLS

**COMMENTS ON INTERNAL CONTROL AND
OTHER SUGGESTIONS FOR YOUR
CONSIDERATION**

June 30, 2019

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS	1
CURRENT YEAR COMMENTS AND SUGGESTIONS	3
SUMMARY OF PRIOR YEAR COMMENTS AND SUGGESTIONS	4

INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Honorable Members of the School Board
Roanoke County Public Schools
Roanoke, Virginia

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roanoke County Public Schools (the "School System"), a component unit of Roanoke County, Virginia, as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing our opinion on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards* and the regulations set forth in the Uniform Guidance, 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.

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 or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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 School System's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the ***Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detail review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, 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.

The School System's responses to our recommendations are included in this report. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the Board, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 8, 2019

CURRENT YEAR COMMENTS AND SUGGESTIONS

INVENTORY PRICE TESTING

During price testing of Nutrition inventory we noted instances in which the unit costs for certain items of inventory were not updated for current prices. The instances themselves were not material and, in addition, when projected over the population of inventory values, the projected error was also not deemed material to the financial statements taken as a whole. We recommend updating inventory pricing to reflect the most current cost.

Management Response: *Inventories of supplies and food are counted at the end of each month by the Nutrition Managers. The count as of June 30 is included in the Statement of Net Position and the Balance Sheet. The counts are documented on an excel template provided to them. The excel template price list is updated monthly based on current pricing from vendors. Evidently some old prices were mistakenly overlooked during the updates. The Nutrition Department will strive to ensure 100% of the prices are re-verified before each year end count.*

In addition, the Department of Finance currently performs interim test counts at each school throughout the year. An extra test of prices will occur for the final internal count as an extra control.

SUMMARY OF PRIOR YEAR COMMENTS AND SUGGESTIONS

CENSUS DATA TESTING

During the prior year audit, testing of the OPEB census data provided to the actuary by the School System, it was noted that several of the participants tested had deviations in hire dates greater than one year. The School System's Human Resources department enters the start date into the payroll system based on the first day an employee is eligible to be paid. The census data utilized by the School System's external actuary is populated using the aforementioned payroll data. This data can differ from the full-time start date (eligibility date) due to system limitations. We recommend that the eligibility date should be used to calculate OPEB program years of service earned according to the School System's OPEB policy.

Current Status: *Still applicable for the current year.*

Management's Response: *The actuary report was used over a two-year period and thus the same issues that were prevalent last year continue to exist. It is expected with the implementation of the new Global Human Resources System in March that this issue will be resolved as we will have more flexibility over the system.*