

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: November 1, 2017

MEMORANDUM TO: Board of Supervisors
County of Sussex
Sussex, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY 17 Audit of County of Sussex, Virginia

In planning and performing our audit of the financial statements of County of Sussex, Virginia for the year ended June 30, 2017, we considered the County'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 controls of the County.

However, during our audit, we noted certain matters that are opportunities for strengthening internal controls and operating efficiencies. Said matters are not deemed to be material weaknesses or significant deficiencies in internal control. Further, this letter does not affect our report dated November 1, 2017 on the financial statements of County of Sussex, Virginia.

We have already discussed these recommendations with appropriate members of management and we will review the status of these comments during our next audit engagement.

FISCAL POLICY AND SEPARATION OF DUTIES

There is no fiscal policy currently in place at the County. Additionally, there is currently a lack of separation of duties due to the absence of a County Finance Director. Journal entries are posted at the Treasurer's office, whereas this is typically a function that should be separated from cash collections and performed within the Finance department. Additionally, the Interim Finance Supervisor also functions as the Accounts Payable Clerk. The person responsible for paying bills should have that process reviewed by a level of management that is independent of the accounts payable process. This is currently being performed by the County Administrator, however this function would normally be administered by a Finance Director.

We recommend that consideration be given to hire a Finance Director to handle the duties of posting journal entries, reviewing the general ledger, and reviewing bills paid. However, if a Finance Director is not hired, we recommend that compensating controls be put in place to mitigate risks in these areas. We suggest that a report of journal entries be sent to the County Administrator on a monthly basis, and that the journal entries be verified and approved, and have this function documented by a signature or initialing of review by the County Administrator and/or Interim Finance Supervisor.

SCHOOL FUND FEDERAL PROGRAM REIMBURSEMENTS

Reimbursements for year-end federal accruals were created and submitted between September 7, 2017 and October 20, 2017. These reimbursements were for expenditures through June 30, 2017 and totaled \$308,791.52. We recommend that year-end reimbursement requests be created and submitted between July and August, so that funds are received within 60 days of the year-end.

OTHER POST-EMPLOYMENT BENEFITS ACTUARIAL VALUATION

An actuarial valuation was not completed for Other Post-Employment Benefits (OPEB) covering the fiscal year ended June 30, 2017 for the County or the School Board. The last one that was performed only covered through the fiscal year ended June 30, 2016. GASB45 states that an OPEB actuarial valuation needs to be performed at least biennially for OPEB plans with a total membership of 200 or more participants, or at least triennially for plans with a total membership of fewer than 200.