

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

**Date:** November 16, 2018

**Memorandum To:** Northwestern Community Services

**From:** Robinson, Farmer, Cox Associates

**Regarding:** Audit for Year Ended June 30, 2018

In planning and performing our audit of the financial statements of Northwestern Community Services for the year ended June 30, 2018, we considered the 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 November 16, 2018 on the financial statements of Northwestern Community Services. 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.

## Preparation of trial balance and accruals

The general ledger, as presented for audit, should not require significant adjustments by the auditors. Management prepared the trial balance and cash conversions for the audit. Several material audit adjustments, mainly in correcting some OPEB balances related to GASB 75 implementation, were made to the trial balance presented for audit. We recommend management continue to review the annual audit adjustments and incorporate these items into the trial balance presented for audit in advance of audit fieldwork going forward. To provide context, we would like to emphasize that the CFO has made great strides in preparing the accrual basis trial balance and has greatly reduced the number of audit adjustments made each year.

## Client Billings

Client financial information should be updated within one year of service. For one out of ten clients tested, financial data had not been updated within one year. The client tested had a service date of 2/28/18 and financial information was last updated on 2/7/17. We recommend that financial information be updated within one year of services provided for each client.

## Other Postemployment Benefits (OPEB) Actuarial Data

Census data elements were incorrect for 3 out of 19 individuals selected for testing on the retiree health plan. In two instances, salaries were incorrectly reported and in the third instance, a hire date was incorrect. In addition, one employee selected for testing was erroneously excluded from the list of data provided to the actuary. This information is used to calculate the Net OPEB liabilities, deferred outflows of resources, and deferred inflows of resources and incorrect data could result in errors in the calculations. We recommend that management review the information reported to the actuary for completeness and accuracy prior to submission.