

Members of School Board
City of Suffolk, Virginia

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), including the School Board of the City of Suffolk, Virginia (the "Schools") as a component unit, as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's and Schools' 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of both entities' internal control. Accordingly, we do not express an opinion on the effectiveness of both entities' internal control.

During our audit, we noted an opportunity for strengthening internal controls and operating efficiencies. This letter does not affect our report on the financial statements of the City Reporting Entity.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Schools' personnel and we will be pleased to discuss in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Information Technology (IT)

- During our review of the IT internal control environment, we noted that the Schools have not performed internal control evaluations for third party service provider, Frontline, which hosts and processes data for the AESOP financial application.

We recommend the Schools perform periodic reviews of the internal control environments for its service providers that host or process its financial data. If the service provider issues reports of their control environment (e.g. SSAE 16 / SOC1 and SOC 2), the Schools should request and review these reports to ensure controls were operating effectively during the control period. If the service provider has identified controls that should be in place (i.e., User Entity Controls), Schools' management should perform an assessment to ensure these controls are in place.

- During our review of the IT internal control environment, [REDACTED]

- During our review of the IT internal control environment, we noted that the Schools' segregation of duties over administration of the [REDACTED] could be improved. Specifically, we noted the Finance Supervisor and Assistant Finance Supervisor are currently responsible for administering security of the [REDACTED] which constitutes an inadequate level of segregation of duties as they would be both end users of the system and responsible for the security administration function.

We recommend the Schools transfer this function to an IT Department or other security group, which is not responsible for any finance functions or transactions. If this is not transferred, a mitigating control should be implemented to log all security changes made by the personnel and be periodically reviewed by an independent group.

- During our review of the IT internal control environment, we noted the Schools do not perform an annual review of access privileges to [REDACTED]. Access privileges to [REDACTED] should be periodically reviewed by Schools' management to verify that the level of access still accurately reflects the minimum level required for the user to perform their job function and accurately reflects an appropriate level of segregation of duties within logical access.

We recommend the Schools perform scheduled periodic reviews of user access for all financially significant applications on an annual basis in order to identify unauthorized/inappropriate access based on job function, as well as to identify any terminated users who have remained active in the application. These reviews should be documented and changes identified during the access review should be processed in accordance with the access provisioning procedures.

- During our review of the IT internal control environment, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This communication is intended solely for the information and use of the School Board and the Schools' management and is not intended to be, and should not be, used by anyone other than the specified parties.

Cheryl Behrman CP

Richmond, Virginia
December 6, 2016