

## INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Board of Directors and Management of  
Dinwiddie County Water Authority  
Dinwiddie, Virginia

In planning and performing our audit of the financial statements of the business-type activities of the Dinwiddie County Water Authority (the Authority) as of and for the year ended June 30, 2020, 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*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity'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.

This communication is intended solely for the information and use of the Dinwiddie County Water Authority, 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.

Sincerely,

A handwritten signature in black ink that reads "Brown, Edwards & Company, S. L. P." in a cursive script.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia  
September 21, 2020

## **COMMENTS ON INTERNAL CONTROL FOR YOUR CONSIDERATION**

**June 30, 2020**

### **APPROVAL OF JOURNAL ENTRIES AND SUPPORTING DOCUMENTATION**

During our testing of journal entries, we noted that not all entries were accompanied by supporting documentation. We recommend that supporting documents be kept with a copy of the journal entry in order to support the rationale for the entry.

### **FORMAL PROCUREMENT POLICY**

During our walkthrough of the procurement, accounts payable and expenditure process, we noted that there is no formally documented procurement policy to the Office Manager's knowledge. We recommend that the Authority develop and document their procurement policy so that everyone employed within the Authority is knowledgeable and has access to the policy. We also recommend that an individual who is knowledgeable within the Authority regarding procurement be appointed to oversee the process to ensure appropriate compliance with procurement requirements.

### **ALLOCATION OF EXPENSES BETWEEN FUNDS**

During our audit, we noted that an insurance invoice was allocated over the three funds based on a methodology that was created in years past. However, there is a lack of understanding regarding the rationale of the allocation method due to the fact that it was created in the past and has just been carried forward. We recommend that management review and determine if the current allocation method remains appropriate and is understood.

[REDACTED]

[REDACTED]