



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: March 10, 2025

Memorandum To: Maury Service Authority

From: Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2024

In planning and performing our audit of the financial statements of Maury Service Authority for the year ended June 30, 2024, we considered the Authority'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 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 March 10, 2025 on the financial statements of Maury Service Authority. 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.

Formal Policies and Procedures (Repeat Comment)

Finding

The Authority ended their contract with the City of Lexington to operate the water and wastewater treatment plants at the conclusion of fiscal year 2016. The Authority assumed the employees who work at the facilities that were previously City employees and is now responsible for the operation of its own facilities. Although a new purchasing and procurement policy was adopted in fiscal year 2023, the Authority is still following some of the existing policies from the City of Lexington.

Recommendation

We recommend that the Authority establish formal written policies covering areas such as personnel, capital assets, credit card usage, and travel reimbursement. In addition, a whistleblower policy should be created as well as a formal policy and procedure for verifying potential vendors are not debarred in accordance with the Code of Virginia. Before beginning a project, formal contracts should be in place.

VRS Reporting

Finding

VRS requires employers to reconcile the information in the entity's payroll system to the data in the monthly confirmation contribution in myVRS Navigator each month and clear reconciling items prior to confirming the contributions. Testing revealed an improper VRS deduction for one out of seven employees selected for testing. In addition, reconciling items related to this same employee's deductions were not cleared prior to confirming contributions for one out of three months selected for testing.

Recommendation

We recommend that monthly reconciliations be performed in their entirety and that any reconciling items be researched and addressed prior to confirming the monthly snapshots with VRS.