

**Report to the  
Board of Directors**

**CHESAPEAKE AIRPORT AUTHORITY**

**June 30, 2021**



## CONTACTS

***Leslie F. Roberts, CPA***

Partner

Brown, Edwards & Company, L.L.P.

701 Town Center Drive, Suite 700

Newport News, Virginia 23606

757-316-3220

lroberts@BEcpas.com

***Katie Ward, CPA***

Manager

Brown, Edwards & Company, L.L.P.

701 Town Center Drive, Suite 700

Newport News, Virginia 23606

757-316-3209

kward@BEcpas.com

## INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Board of Directors  
Chesapeake Airport Authority  
Chesapeake, Virginia

In planning and performing our audit of the financial statements of the Chesapeake Airport Authority (the "Authority") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's 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 information is intended solely for the use of those charged with governance and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia  
September 14, 2021

## **COMMENTS AND SUGGESTIONS FOR YOUR CONSIDERATION**

### **Segregation of Duties (Control Deficiency)**

We noted there is a lack of segregation of duties within the Authority which could potentially lead to management override of controls. This is typical of an organization the size of the Authority in relation to internal controls. It appears this lack of segregation of duties has been mitigated by the direct involvement of the Board in the operational oversight of the Authority. Please continue this involvement as this is critical to maintaining the overall control environment of the Authority.

### **Unrecorded Liabilities (Control Deficiency)**

During our testing of commitments for footnote disclosure, we discovered a significant invoice that had not been accrued for services performed through June 2021 for construction-in-progress that was 80% funded, on a reimbursement basis, by the Virginia Department of Aviation. Proper cutoffs are critical for the accuracy of the accrual basis of accounting. We recommend that the Authority implement accounting policies and procedures that ensure proper cutoff of all expenses, and any related funding reimbursements.

### **Travel Expenditures Review (Comment / Suggestion)**

During our review of travel transactions, we noted travel expenditures of the Airport Manager were not approved by a supervisor or other superior. We recommend that a superior individual review and approve such expenditures for all employees, including senior management, before being paid.

### **Procurement Review (Comment / Suggestion)**

During our review of procurement we noted the lack of nondiscrimination and drug-free workplace clauses included within procurement. We recommend that the Authority should take steps to ensure that all contracts are in accordance with the Virginia Public Procurement Act.