

The Regular Meeting of the Accomack County Audit Committee held the 9th of March, 2023, in the Accomack County Administrator's conference room at the County Administration Building, Room 203 located at 23296 Courthouse Avenue, Accomac, VA 23301 at 5:00 p.m.

Agenda Item 1 - Opening of Meeting

MEMBERS PRESENT AND ABSENT

Audit Committee Members Present:

Steven Belote, CPA, Citizen Representative, Chair

Dr. Ronnie Holden, ACPS School Board Representative

C. Reneta Major, BOS Representative

Others Present:

Michael T. Mason, CPA, County Administrator

Chris Holland, Accomack County Public Schools (ACPS) Superintendent

Margaret Lindsey, CPA, Accomack County Director of Finance

James Lilliston, Accomack County Treasurer

Others Virtually Present:

None

The regular meeting of the Accomack County Audit Committee was called to order at 5:00 p.m. by Chairman Belote. A quorum was present.

Agenda Item 2 – Adoption of the Agenda

Not acted upon

Agenda Item 3 – Meeting Minutes

3.1 Consider Minutes from February 16, 2023 Meeting

On a motion made by Ms. Major and seconded by Mr. Belote, the Audit

Committee voted to approve the February 16, 2023 regular meeting minutes, as presented.

Agenda Item 4- New Business

4.1 Receive FY 22 County of Accomack, VA Annual Comprehensive Financial Report (ACFR) and Management Letter

4.1.1 **County of Accomack, VA ACFR for the fiscal year ended 6 30 2022** The completed Annual Comprehensive Financial Report (ACFR) was distributed to the Audit committee.

Mr. Mason spoke to the completion of the audit work and report which will be presented by the Audit firm to the Board of Supervisors at their March 15 meeting.

4.1.2 Report to the Members of the Accomack County Board of Supervisors - Management Letter

Mr. Mason spoke to forthcoming work by the corrective action committee on matters listed as part of the ACFR. Chairman Belote asked for focus of the committee's discussion to be on the County management letter although the committee has just received the documents and hasn't had an opportunity to fully review. Mr. Mason highlighted the areas spoken to in the management letter with the committee including fixed assets needing to tie out to the financial statements presented, P'card transaction matter with one Constitutional Officer, and segregation of duties related to payroll (discussion ensued on the best way to use existing

software reports). On the ACPS side, payables vendor list and the required approvals when the vendor was added, segregation of duties related to payroll, deferred revenue recognition, proper recording of sales tax and the agreement of accounts payable to the general ledger. These items will be discussed and charted through the corrective action committee work.

The remainder of the Management Letter is forthcoming pronouncements and their respective effective dates. Chair Belote asked if the new pronouncement related to conduit debt would be applicable and Mrs. Lindsey, indicated not at this time.

Lastly, the letter lists all the journal entries posted after the ledger was provided to the audit firm.

Mr. Mason further indicated he had requested of the audit firm for specificity regarding areas of most need of improvement. In response, the journal entry listing was provided and a discussion with the audit firm partners was had regarding potential ways to stream line the report process.

Mr. Belote asked are the journal entries necessary, and is there a way to get ahead of all of the entries. Mrs. Lindsey replied that all entries are necessary and that some of the lease entries required will not replicate because FY 22 is an initial year for the new treatment. There will be lease entries that are able to be recorded throughout the year. Mrs. Lindsey commented in response to Mr. Belote the need to have the general ledger (by both County and Schools) in better order by middle September so as to have time to work through those items only occurring at year end prior to the auditor's arrival. Mr. Mason did delineate landfill closure and post-closure liability, fixed assets, sales tax and deferred revenue for schools and leases are those with most significant dollar items changed with the journal entries.

Chairman Belote commented regarding the difficulty inherent in changing auditors, and Mr. Mason indicated the need to be timely with our reporting to the Auditor of Public Accounts.

Dr. Holder commented regarding the size of staff at the schools and the need to find qualified people within existing range. He further indicated additional three positions (system analysts) are budgeted. Mr. Mason noted that the County will have an additional FTE with the job description elevated to a more skilled position with the position re-advertised in spring 2023. The position will be double duty for ERP implementation and financial reporting to assist with department workload and to assist the finance director.

Mr. Mason moved next to the existing corrective action plan chart for discussion of where are we now and in relation to the ACFR findings. Mr. Mason noted many are shown by the audit firm as resolved and will drop out of next year's report.

Mr. Mason spoke to the finding related to timeliness of work and the need for the additional FTE on the County side. Mr. Mason noted that in the schedule of findings, the finance staff for the county have to execute more quickly and are responsible for timely and accurate reporting. He further commented the schools have to take this requirement seriously also.

Procurement is repeat comments only for schools, in which the policies and procedures have to be updated. As of the meeting date, this has not been updated and needs to be preferably before June 30, 2023.

Ms. Major asked regarding the Department of Social Services items and Mrs. Lindsey indicated Director Weakley had responded and her comments are included in the finding responses.

There were two Statement of Economic Interest forms that were received on February 8, 2022 after the February 1, 2022 deadline. Further information was provided as to the difficulty of obtaining timely responses.

There were two bank accounts that were not considered public deposits have been corrected as related to two Sheriff controlled bank accounts. Mr. Lilliston has confirmed this with the respective banks.

Mr. Mason noted that there were unclaimed property checks that were not submitted timely to the state. Mr. Lilliston indicated a staff group is convening to review the unclaimed property process prior to next reporting.

Mr. Mason suggested bringing outstanding check lists to the audit committee meetings to be reviewed.

4.2 Receive the ACPS School Activity Fund Financial Report and Management Letter

4.2.1 Receive the ACPS School Activity Funds Financial Report June 30, 2022

4.2.2 Report to the Honorable Members of the School Board-School Activity Funds (6 30 2022 Management Letter)

Chair Belote asked what constitutes the funds that make up the school activity funds. He asked how they are generated. Dr. Holder commented about the issue of using fundraisers. Mr. Mason speaks to the School Activity Fund management letter comments being mostly repeats from FY 21. Chair Belote remarks they are consistent between schools. Mr. Holland comments regarding spending at the schools. Mr. Mason asks regarding the school management letter being conveyed to the full School Board. Dr. Holder indicates in the affirmative. Chair Belote asks how to cure the issues presented. Mr. Mason suggests asking for a plan of action to address each item listed.

4.3 Receive Independent Accountant's Report on Applying Agreed-Upon Procedures

Agenda Item 5 –Old Business

None

Agenda Item 6 – Information Items

6.1 New Statements Impacting ACFR or Other Emerging Compliance Issues and opportunities for appropriate training

Dr. Holder asked regarding status on GASB 96. Mrs. Lindsey gave the update as to where we are with procurement. Two vendors responded, and we have one clarification request out to one of the vendors. Mrs. Lindsey explained the probable vendor's proposed work process and the background of the proposer.

Chair Belote asked for an ERP status update, which Mr. Mason provided. County and Schools are at the Discovery phase, a deeper dive into the specifics of each vendor.

Agenda Item 7 – Adjournment

Mr. Mason put forth the idea of not having the April meeting currently scheduled, and the committee concurred.

On a motion made by Mr. Belote, the Accomack Audit Committee unanimously voted to adjourn at 5:50 p.m.

.

.