



Accomack County
Audit Committee Minutes
January 24, 2024
5:00 p.m.

Location: Accomack County Administrator's Conference Room

1. Open Meeting

2. Adoption of Agenda Ms. Major motioned that the agenda be adopted and seconded by Dr. Johnson. All signified by saying aye and the agenda was adopted.

3. Meeting Minutes

3.1. Consider Minutes from December 4, 2023 Meeting Ms. Major moved the December 4, 2023 minutes be approved and Mr. Belote seconded. All signified by saying aye and the minutes were approved.

4. New Business

4.1. Receive audit update from Brown Edwards, Katie Babb – Ms. Babb stated that there were no new findings.

4.1.1. Statutory Deadline for Issuance of ACFR has passed (12/15/2023) - Mr. Mason asked Ms. Babb how many government clients do they have in Virginia and Ms. Babb did not have an estimate. Mr. Mason asked how many were at the stage where they have not been issued their FY23 ACFR and Ms. Babb replied that she did not have any clients at the moment but noted she does have one client that issues a report but is not required to submit by the statutory deadline. Mr. Mason noted that the County's ACFR contains financial information from a number of "component units" and that all these entities have provided their financial information to the County in a timely manner with the exception of the Accomack County Public Schools. Mr. Mason stated that while looking through the list of Audit Open Items received from Brown Edwards, most remaining items, with the exception of items that cannot be completed until he has draft financial statements in hand from Brown Edwards, are the responsibility of the Schools. Mr. Mason stated that he did not understand why we are seven months past the due and a task as basic as recording unearned revenue on the school's side has still not been completed. He noted that unless it is something new, unearned revenue is merely advanced grant funding which has not been spent by year end. Mr. Mason noted that the second item on the open items list, providing accounts receivable detail for School funds, is a very simple item to complete. The impact of all these open items is that the ACFR will not be issued in time for it to be used by the APA in its preparation of the APA comparative cost report. He noted that all the County cannot begin to prepare the 'Management Discussion and Analysis' until the basic financial statements are finished.

4.1.2. Identify remaining open items & their downstream impacts to the overall preparation of the ACFR - Mr. Mason gave Dr. Johnson, the newest board member, a recap on the audit and the associated financial report. Mr. Mason asked the Board for any solutions it may have to speed the issuance of the ACFR up as he is out of options. Mr. Mason stated that the only option that he hasn't tried is to impose monetary penalties when information is not provided timely in

order for the audit to be taken seriously. Ms. Onley stated that she can go over the list of items that she has opened, versus what has been submitted. Mr. Mason replied that on the agenda, 4.2.1, is the Code of Virginia statutory deadline for issuance of the ACFR. Mr. Mason stated how disappointed he is with the current delays and that it is a barrier for recruiting personnel, as any potential Finance Director would likely check on the County's ACFR status before applying.

Audit Open Items - Mr. Belote asked that we run down the list of Audit Open Items for discussion.

Audit Open Items From Brown Edwards 1/22/24 Email:

School Board

- 1. Can you provide the unearned revenue schedule when it's finalized? See Engagement Organizer where the prior year version was attached for your reference.**
 - Ms. Onley replied that there is a question with Medicaid that she has a call in to VDOE. Mr. Mason asked what the question was and Ms. Onley replied that it is a question regarding deferred and unearned income, and Mr. Mason suggested that she reach out to Brown Edwards with any questions since they are the ones to sign off on our audit.
- 2. Please provide the AR detail at year-end for all school funds and complete the receipts subsequent to year-end on Engagement Organizer (under Receivables – School Board).**
 - Ms. Onley noted that this item has not been completed, but should be as of January 25, 2024.
- 3. Capital assets:**

Additions sample follow up questions:

 - For the CHS air system (addition #2), the final invoice is dated 4/7/2023, but the date in service is listed as 10/24/2022. Why was this addition in service not in line with the invoice date?
 - For the CHS Metal roof (addition #4), we see the total cost of \$1,812,868 from the 100% complete invoice and the \$69,937.97 from the Metal Roof Consultants Inc invoices that you have listed on the ticker tape, but the addition is still off by \$18,212.50 in order to tie back to the \$1,901,018.47 listed as the current year addition. Can you help us figure out which invoices make up this difference?
 - For the KES metal roof (addition #5) for \$1,351,692.40 the combined purchase orders only total \$1,296,992, a difference of 54,700.40. What makes up this difference?
 - For the MES metal roof (addition #6) for 1,109,606, the total amount for the combined invoices is \$1,097,181, a difference of \$12,425. What makes up this difference?

Disposals

 - Attached is the report we received last year for the school's capital asset disposals. It looks like we only received page 4

of this report for the current year, could you send us the other pages? Can you please review the commitments schedule from last year and update it for FY23? Also, please provide any new CIP contracts for the year.

- Ms. Onley noted that all items in Capital Assets have been completed with the exception of a question for the commitments schedule that she is waiting for a response on.
4. **We were looking at the schedule titled “Accrued Payroll worksheet – SB FY23” that was uploaded to Engagement Organizer and noted the difference of \$372,742.15 between the total on the worksheet (\$6,311,242.15) and the total of the following accounts (\$5,938,500 below in the Final 6/30/2023 column, see snip below). Can you provide an explanation for the difference and if you are planning on adjusting? If you decide to adjust it, please provide the entry you posted so that we can post it on our end as well.**
 - Ms. Onley noted that this has not been completed as it is difficult, but is planned to be completed this week.
 5. **Accounts Payable: Please provide a similar breakdown of the remaining balance of \$593,816 from last year. From what you just uploaded, I see \$29k for Chev Malibu’s and \$39k for diesel, can you provide a quick list of the other big categories for FY22 for the rest of the \$593k?**
 - Ms. Onley noted that this item has been completed.
 6. **Revenue and expense: Please provide an explanation and the related support for the attached variances.** Ms.
 - Onley noted that this item has been completed.
 7. **SBITA Entries**
 - Ms. Onley noted that this item is being skipped as it is related to number 8 and will be posted as soon as they know the lease entries.
 8. **Lease Entries**
 - Ms. Onley noted that a question was sent to Debt Book regarding a discrepancy in interest versus principal on the Canon lease from what was calculated last year to what was calculated this year. A response was received earlier in the day.
 9. **Austin has a question outstanding in regards to one of the SBITAs, he sent this via email on 1/11.**
 - Ms. Onley stated that she will have to look into this as she was unaware of it.
 10. **Latasha’s open items related to the Single Audit are also included on the Engagement Organizer.**
 - Ms. Onley noted that this item has been completed.

County

11. Lease Entries

- Mrs. Lindsey noted that this item has been completed.

12. Fund Balance Designation Workpaper (I believe Margaret was waiting on the Schools to finish balancing fund 260 and 261)

- Mrs. Lindsey noted that this cannot be completed until the schools have finished their balancing.

13. SEFA Reconciliation

- Mrs. Lindsey noted that this has item been completed and is waiting to be reviewed.

14. MD&A, Transmittal letter, Tables, certain footnote information, conversion worksheet for those items that are portioned between functions.

- Mrs. Lindsey noted that this item can be completed once the numbers stop moving.

4.1.3. Discuss any limitations on BE resources due to ACFR delays - Ms. Babb informed us that this will be the last week team members will be available as they have other obligations. Ms. Babb and Danielle Nikolaisen at Brown Edwards will be the members to wrap things up and they hope to get a lot done with the team members that is currently scheduled.

4.2. Receive audit update from County and Schools

4.2.1. Establish deadlines for completion of remaining open items - Most items will be completed by Friday, January 26, 2024 and Mr. Belote asked that all items are completed by Friday, January 26, 2024. He also asked how do we not get to the point that we are currently in moving forward? Ms. Onley replied, "ERP, that will hopefully be completed by July 1, 2024."

5. Old Business

5.1. ERP status update, County and Schools Ms. Onley noted that they are still on schedule for July, 2024. Mr. Mason noted that the county is rebidding.

5.2. Bank reconciliation issues - Mr. Lilliston stated that there is one on the county side, ESPL, that entries are needed. He noted that the rest is on the school's side, accounts 109-Payroll account, 106-Food Service Truist and 308-Food Service PNC, which needs some correcting transfers dating back to August and October 2023. Ms. Onley stated that some of the information from October 2023, they are just now receiving in January, 2024. She stated that she needs to have a discussion on where to send the information so that it is not going to numerous staff members. Mr. Belote asked for an example of an item that would not have been recorded in the same month and Ms. Onley replied with "ACH". Mr. Lilliston also replied that ICMARC-retirement, incorrect general ledger, voided checks and miscellaneous differences. Mr. Lilliston also noted that they have the same check number that was voided in September 2023, then canceled on December 31, 2023 through a direct deposit in the amount of \$681.77. Mr. Lilliston provided documentation to the Board. Mr. Lilliston noting that even if all of the corrections are completed, they are still on the hunt for \$2500 in account 109. He also stated that in account 106, they are still waiting on transfer corrections from August and October 2023, in account 109 is the corrections from September 2023 and in account 308, a double entry correction is needed. Dr. Johnson asked what period should we be in and how long will it take to catch up and Mr. Lilliston replied with December and the time frame is to be determined. Mr. Belote noted that the numbers are not huge but the recurrence is the problem.

6. Other business to come before the Committee the Board agreed to move the next Audit Committee meeting to February 15, 2024, 5pm because of the Budget Meeting scheduled for the same day.

7. **Adjournment (Next Meeting 2/15/24 5pm)** Mr. Belote made a motion to adjourn.