



January 9, 2018

Dear Chairman Newman and Commissioners:

The firm of Gould Killian CPA Group presented financial statements for fiscal year ending June 30, 2017 to the Audit Committee on December 12, 2017. The auditors issued an unmodified report indicating that financial statements were fairly presented based on generally accepted accounting principles. Although often a routine matter to the general public, an unmodified opinion on the county's financial statements is very important and gives testimony to the competency and hard work of CFO Tim Flora and the staff who work under his supervision.

External financial auditors are not required, as part of their audit procedures, to audit their client's internal control processes and procedures. External auditors are required to make note if in the course of their audit a material weakness in internal control over financial reporting or compliance with major federal or state programs is identified. Gould Killian CPA Group did not identify any material weaknesses in internal control over financial reporting or compliance with major federal or state programs while performing work related to the FYE 6/30/17 audit.

The Audit Committee understands that Gould Killian CPA Group is limited in their scope of commenting on material weaknesses to those that apply to financial reporting or compliance with major federal or state programs. However, given the Audit Committee's broader purview over internal control, the Committee wishes to comment on internal control more specifically. The most effective internal controls over county assets become much less so in an environment that affords senior management extremely broad powers over financial resources and personnel. In addition, the effectiveness of the internal audit function in prior years was limited, given the internal auditor reported to senior management for all practical purposes. From this broader perspective, the Audit Committee believes that internal controls were weak during FYE 6/30/17 and likely in preceding fiscal years in which these conditions were the rule. The Audit Committee appreciates the recent steps taken by the Commissioners to address those weaknesses and their continued resolve toward transparency and a more effective environment for the internal audit function.

Sincerely,

Larry B. Harris
Chair Audit Committee - Buncombe County