

Buncombe County, North Carolina

Presentation of the 2019 Audit to the Audit Committee

December 3, 2019



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

Presentation Agenda

- Audit Services Performed
- Required Communications
- Audit Approach Summary
- Reportable Findings
- GASB Update/Emerging Items

Audit Services Performed

Financial Statements

- Audit of the County's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019, in accordance with *Government Audit Standards*

Federal and State Compliance

- Single Audit in accordance with Uniform Guidance and the State Single Audit Implementation Act
- Includes audit of the Schedule of Expenditures of Federal and State Awards and certification of the Data Collection Form

Reports Delivered

Independent Auditors'
Report

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*

Independent Auditors'
Report on Compliance For
Each Major Federal and
State Program, Report on
Internal Control Over
Compliance, and Report
on the Schedule of
Expenditures of Federal
and State Awards Required
by the Uniform Guidance
and State Single Audit
Implementation Act
(Single Audit Report)

Governance
Communication

Auditor's Required Communications

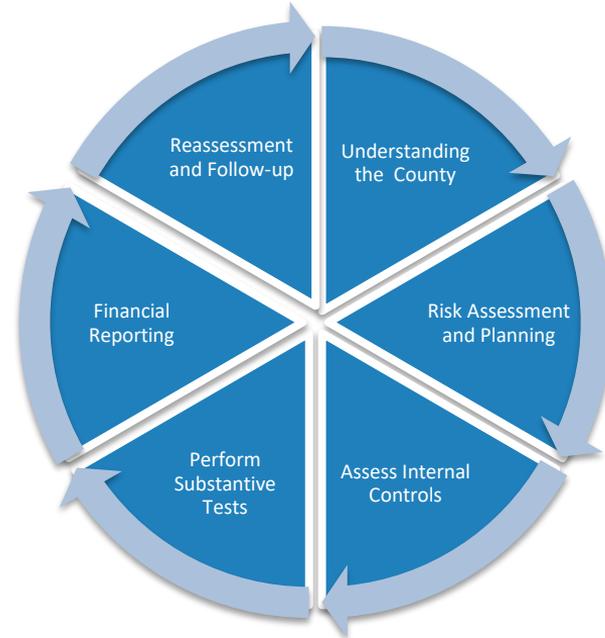
- Auditors' Opinion on Financial Statements
 - Unmodified (clean) opinion
 - Emphasis of Matter Paragraph
 - ◇ Correction of Error
 - ◇ Detailed in Note 11 of the CAFR
- Scope and timing of audit proceeded as planned
- Significant accounting policies
 - In accordance with generally accepted accounting principles and consistent with industry practices and standards
 - Detailed in Note 1
- Significant estimates within the financial statements
 - Landfill post-closure liability
 - Pension liability
 - Claims liability
 - OPEB liability

Auditor's Required Communications

- Significant corrected misstatements
 - Capital asset activity
 - Surety bond liability
 - Retirement incentive liability
 - Economic incentive liability
- Uncorrected misstatements
 - Capital asset activity related to 2018
 - Investment income related to 2020
 - Accrued payroll related to 2020
- No difficulties encountered in performing the audit
- No disagreements with management
- Management was very cooperative and professional during the audit process

Audit Approach Summary

- We have assessed the following areas to be of higher audit risk:
 - Overall internal control environment and management override of controls
 - Payables and cutoff of accruals
 - Procurement, contracts, and purchasing cards
 - Information technology control environment
 - Revenue recognition - cutoff, classification, collectability
 - Grant compliance
- Areas where findings were noted in the 2018 audit were assessed at higher risk until the findings are resolved



Audit Findings

- A *material weakness* is defined as a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected in 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.

Audit Findings

- Material Weakness
 - 2019-001 - Financial Reporting – Audit Adjustments

Additional Matters

- A management letter was also issued which recommended best practices be implemented over:
 - Sales taxes receivable
 - Procurement card transaction limits
 - Expense reimbursement and timecard review for Board-appointed officials



Single Audit Results

- Major Federal Programs Tested
 - 93.563 Child Support Enforcement
 - 93.658 Foster Care – Title IV-E
 - 93.778 Medicaid Cluster
- Major State Programs Tested
 - Public School Building Capital Fund – Lottery Proceeds
 - Foster Care – Title IV-E



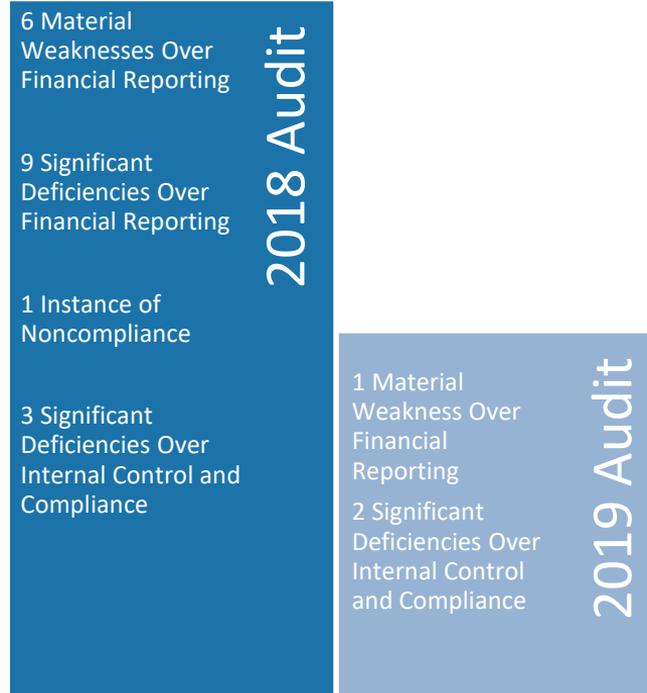
COMPLIANCE

Single Audit Results

- Single Audit Reports Issued
 - Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance, In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act
 - ◇ No reported items of noncompliance
 - Independent Auditors’ Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance, In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act
 - ◇ Two significant deficiencies and instances of noncompliance noted
 - Applicable to the Public School Building Capital Fund program
 - 2019-002 – Reporting – Timely Filing of Compliance Reports
 - 2019-003 – Cash Management – Timely Reconciliation of Bank Account



Year to Year Finding Summary





Questions?

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