



Becky Dawes
Procurement Director

**16-10-P, Aiken County Financial Audit
Questions and Answers
April 5, 2016**

1. Were additional fees paid related to the preparation of the financial statements or other accounting assistance? If so, how much and for what?

None in FY 2015.

2. Will the County prepare any portion of the financial statement for the audit year(s)?
The County prepares the introductory section, MD&A, and statistical sections in their entirety. The County also will prepare many of the notes to the financial statements.

3. How many weeks onsite did the auditors spend working on the audit?

3-4 weeks.

4. How many audit team members were onsite during fieldwork?

3

5. How many adjusting journal entries did the predecessor auditor propose for the most recently completed financial statement audit? Describe the nature of those adjustments or provide a copy of the journal entries proposed by the auditor.

None.

6. Were there any disagreements with the predecessor auditors?

No.

7. Has there been any turnover in the Finance staff in the last year?

Yes.



Remembering the Past, Preparing for the Future

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8. Please provide qualifications of current finance staff (e.g., years in current position, years in governmental accounting, CPA, Certified Government Finance Officer, Degreed accountant).

Finance Director, 8 months
10 years' experience in Governmental Accounting
Masters of Accountancy
BS – Business Administration – Emphasis in Accounting

Assistant Finance Officer, 1 ½ years
Certified Government Finance Officer
27 years' experience in Governmental Accounting
Associates in Accounting & Management

Budget Officer, 1 ½ years
14 years' experience in Governmental Accounting
BS – Business Administration – Emphasis in Accounting

Senior Accountant, 6 months
3 years' experience in Governmental Accounting
BS – Business Management

Payroll Coordinator
1 year experience in Governmental Accounting
BS – Business Administration – Emphasis in Accounting

Grants Office Manager, 16 years
25 years' experience in Governmental Accounting

9. What accounting software is used?

Sungard

10. Has there been a change in accounting software during the year and is there a change in accounting software expected during the term of the audit contract?

No.

11. When will the trial balance be available for the auditors?

Mid to late August



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12. Does the County expect to spend at least \$750,000 in federal awards during FYE 6/30/16?

There is an award in excess of that amount. However, the timing of the expenditure is dependent upon other regulatory agencies.

13. Can you please provide a copy of your letters provided to the Board at the end of your 2015 audit sometimes referred to as “Communication with those Charged with Governance”?

Attached.

14. What is the projected total expenditure of federal funds for the year ended 6/30/16?
\$850,000

15. What time of the year has the County’s auditor typically performed field work?
It varied. However, our goal is September.

16. Was the Single Audit billed separately? If so, what were the fees for the Single Audit?
The Single Audit was not billed separately.

17. Do you request that the proposing firms only fill out the Quotation Form within the Scope of Work document (and of course fill out and sign the Proposal Document requesting company name, address, etc.)? Or would you like a written narrative response in addition?

At a minimum, each company should provide the County with all information requested in the RFP. The company may send a written narrative in addition to the Quotation Form to include additional pertinent information if they so choose.

18. I am assuming a separate report will be issued for the Public Service Authority?

No, the Public Service Authority is presented as an enterprise fund within the Aiken County financial report.

19. Was an Other Matters letter issued for 6/30/15? If so, can I receive a copy?

No.

20. In prior years, have there been any delays in the audit due to delays in receiving information from third parties or other reasons?

Yes, there was staff turnover during FY 2014 audit that caused delays.



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21. What are your expectations of your audit firm? Or alternatively, what qualities are most important to you in your audit firm?

Experience in governmental auditing with other entities similar in nature to Aiken County. Timely audit.

22. Any recent audits from federal departments noting compliance issues?

No.

23. What were the 2013, 2014, and 2015 audit engagement fees? Have there been any out of scope billings over the past three years?

2013: \$43,700 2014: \$43,500

2015: \$45,500

Out of scope billings over past three years (special engagements): \$50,790

24. Is interim fieldwork typically performed? If so, what is the preferred timing of interim fieldwork?

Yes. May.

25. How many weeks did the auditors spend on site or offsite for both financial audits and single audits? How many audit team members were onsite during interim and final fieldwork?

There was an average of 3 for interim fieldwork . We are unsure of how many weeks the auditors spent onsite and offsite.

26. Does internal documentation exist showing controls over key financial cycles?

Yes.

27. Are there any audit areas where you have required assistance from the auditors in the current year or previous years (i.e. preparing rollforward schedules)?

Yes.

28. Could you please clarify who will be preparing the financial statements?

In the past, the auditors have prepared the financial statements. County personnel prepares the introductory section, MD&A, statistical section, and the majority of the notes to the financial statements.



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29. Has the County implemented policies and procedures to reflect the requirements of the newly issued uniform grant guidance including procurement policies, subrecipient monitoring, determining whether cross-over grants follow new or old guidance and allowable costs?

We have received training on this and are aware of the new guidelines and the changes that will need to take place.

30. Is the County expecting any significant changes in funding or funding sources as it relates to Federal awards in 2016 or subsequent years?

The County has been awarded Hazard Mitigation Grant funding that will more than likely be expended during 2016 and/or 2017.

31. The RFP indicates that sealed proposals must include “the completed non-collusion statement on page two of the Bid Document”. This is not included in the Bid Document. Can you please direct us as to where to find that form so that we can ensure it’s included in our submission?

The non-collusion statement is found on page two of the document titled “Proposal Document.”

To the Audit Committee of Aiken County Council
Aiken County, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aiken County, South Carolina (the "County") for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information during our planning presentation on November 5, 2015. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. As described in the notes to the financial statements, the County adopted and implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 ("Statement No. 68") and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68 ("Statement No. 71"), during the fiscal year ended June 30, 2015. These statements require the reporting of the County's share of the total pension asset (liability) and related deferred outflows/inflows of resources associated with participation in defined benefit pension plans. The adoption of these new standards resulted in a restatement of beginning net position. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of individual property tax account collections, historical water, sewer and landfill revenues as well as loss levels. The estimated liability for landfill closure and post-closure care costs is based on usage (filled) of the different cells, costs of equipment, facilities and services required to close, monitor, and maintain the landfill.

Management also uses estimates to determine depreciation and certain claims and judgment liabilities. Management uses standard useful lives to estimate depreciation. Management uses a third party to estimate claims liabilities.

Management's estimates of other post-employment benefits and the net pension liability is based on an analyses provided by specialists. We evaluated the competence and capabilities and the assumptions used by the specialists in their analyses in determining that they are reasonable in relation to the financial statements as a whole.

We evaluated the key factors and assumptions used to develop the estimates discussed above in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 30, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedule of funding progress, the schedule of proportionate share of the net pension liability, and the schedule of pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information accompanying the basic financial statements, including the schedule of expenditures of federal awards, which is presented for the propose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and accompanies the financial statements, but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of audit committee of the Aiken County Council and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

Chung Berkant LLP

Augusta, Georgia
December 30, 2015