INDEPENDENT AUDITOR’S MANAGEMENT LETTER

To Management and the Honorable County Commissioners
County of Norfolk, Massachusetts
Dedham, Massachusetts

In planning and performing our audit of the financial statements of Norfolk County, Massachusetts, we have considered the County’s internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

As result of our engagement, in addition to our Independent Auditor’s Report on the County’s financial statements for the year ended June 30, 2020 and our Independent Auditor’s Report in Accordance With Government Auditing Standards, dated December 15, 2021, which reported several qualifications and material weaknesses respectively, which have been detailed therein, we have the following comments.

We noted the County conducted an operational review with a third-party consultant during fiscal year 2021. The County anticipates implementation of policies and procedures as a result of this study for fiscal year 2022. With the implementation of additional formalized policies and procedures, we recommend the County incorporate formalized risk assessment program which addresses risks (inclusive of fraud risks) that may affect the financial activity and reporting thereof of the County. Such a program should be a collaborative effort of County officials and personnel, which routinely monitors internal controls and risks, and the degree of risk management and those charged with governance are willing to accept. We noted the following items, which in our professional judgement the County should evaluate as part of the ongoing monitoring, implementation and assessment of policies and procedures.

- The County should evaluate current fidelity bond coverages associated with officials and personnel involved in the handling/receipt of County funds. The current Treasurer is in the process of obtaining bond coverage. The Massachusetts Department of Revenue maintains a schedule of thresholds to which municipalities should adhere. We recommend the County evaluate limits in accordance with an established risk assessment program.
- The County should evaluate implementation of additional authorizations/security approval of wire transfers between County bank accounts. In our opinion, within the current banking environment, additional wire transfer approval and authorizations at a high level (i.e., Treasurer) are prudent.
- The County should implement formalized, documented reconciliations of withholding accounts and associated payments between human resources and the Treasurer’s office.
- The County should review the propriety of signatories of the Norfolk County Student Activity accounts. Based upon our inquiries the Business Manager is the signor on the checking accounts. Generally, under the statute the school principal is the designated signor who is covered by a fidelity bond.
- The County should review the maintenance and reporting associated with a “petty cash” checking account being maintained at the Norfolk County Agricultural High School.
- Evaluate the implementation of a formalized deposit and investment policy (excluding OPEB which are maintained according to Trust document) which includes addressing risks identified by GASB pronouncements.
- Implementation of a fraud policy.
• The County should continue to evaluate certain decentralized accounts maintained at the Registry of Deeds (online, postage). We have been informed the custody of the on-line account has been provided to the County Treasurer during fiscal year 2021. We recommend additional detailed enhancements to the monthly reconciliations of all registry bank statements, more clearly identifying daily reconciling items be documented and provided as part of the monthly reporting package to the County Treasurer’s office.

• The Norfolk County Agricultural High School Alumni Association, Inc (a separate nonprofit entity) utilizes the County Agricultural High School’s address. The County should ensure all entities are separate from the County. The County’s risk assessment program should routinely evaluate the use of County addresses, tax identification numbers, etc.

• Recommend all departmental expenditures be approved solely by the department head (unless emergency).

• Evaluate the utilization of blanket purchase orders.

• Evaluate the usage of credit card/charge accounts and implementation of formalized policies/procedures surrounding.

• Ensure an annual inventory of merchandise at the Wollaston Pro shop is conducted, documented, and reviewed to the underlying financial activity. Such processes should be performed independent of departmental personnel.

• The County should ensure all financial information needed for conversion to the government-wide financial statements in accordance with GASB financial reporting model (i.e., capital assets, compensated absences, leases, and evaluation of all other obligations) are maintained/updated on a routine, timely basis. Moreover, it is imperative that County management maintain an understanding and familiarity with current financial reporting and compliance standards, inclusive, of Government Accounting Standards Board (GASB), federal and state organizations. It is important to note, current OMB regulations under the Uniform Guidance, affecting federal award programs, has significantly increased the importance and requirement for grantees to formalize the internal control structure (policies and procedures) surrounding the administration of federal grants.

This communication is intended solely for the information and use of County management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

[Signature]

Norwell, Massachusetts
December 15, 2021