



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

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November 11, 2016

Creedle, Jones, and Alga, PC
828 N Mecklenburg Avenue
South Hill, VA 23970

We have reviewed the working papers for the audit of the County of Mecklenburg, Virginia, which includes the County of Mecklenburg School Board, for the year ended June 30, 2015. The purpose of our review was to determine whether:

- A. the audit complies with the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts;
- B. the audit complies with Government Auditing Standards, issued by the Comptroller General of the United States;
- C. the audit complies with Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations;
- D. the annual financial reports comply with generally accepted accounting principles for governmental entities; and
- E. the auditor has performed the agreed upon procedures for the Comparative Report Transmittal Forms as set forth in the Uniform Financial Reporting Manual, issued by the Auditor of Public Accounts.

We conducted our review in accordance with the 2015 Quality Control Review Program for Audits of Local Governments, developed by the Auditor of Public Accounts. The review was limited to the audit of the County of Mecklenburg, Virginia, and did not extend to any other engagements performed by your firm.

During our review, we noted the following deficiencies that the firm should address to further enhance the quality and effectiveness of its local government audits.

Improve Testwork and Documentation to Comply with OMB Circular A-133

Comment – OMB Circular A-133 sets forth standards for the audit of local governments expending federal awards and requires testwork to be performed on applicable compliance requirements. We noted the firm’s scope of testing did not include all applicable requirements in Part 2, Matrix of Compliance Requirements, of the OMB Circular A-133 Compliance Supplement.

OMB Circular A-133 requires the auditor to obtain an understanding of internal controls sufficient to plan the audit to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, as well as to perform testing of internal controls. The firm’s internal control documentation did not extend to the compliance requirements and was very limited in describing the controls. In addition, the working papers did not contain sufficient audit evidence to support that the firm performed testing of the controls. Further, we noted multiple instances where audit evidence was insufficient to support that additional compliance requirements were tested.

Recommendation – We recommend the firm exercise due professional care in complying with American Institute of Certified Public Accountants (AICPA) and federal standards when documenting compliance requirements and internal controls and planning and performing audit procedures for compliance audits. This will be particularly important for fiscal year 2016 audits as the firm will be required to implement new audit requirements under the federal Uniform Guidance.

Improve Working Paper Documentation

Comment – Government Auditing Standards and AICPA standards require that audit documentation contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from the audit documentation the nature, timing, and extent of audit procedures performed and the evidence that supports the auditor’s significant judgments and conclusions. There were multiple instances in which the working papers did not adequately explain the testwork being performed, did not sufficiently document sampling considerations, and did not provide a conclusion that evaluated testwork results.

Additionally, the working papers did not contain sufficient audit evidence to support that the auditor properly planned the audit to gain an understanding of the County’s internal controls outside of performing inquiry of personnel. Auditing standards require the auditor to perform other specific planning procedures, in addition to inquiry of personnel, to gain an understanding of the entity’s internal controls and evaluate whether controls are effectively designed and implemented.

Recommendation – We recommend the firm ensure it follows all applicable standards and the firm’s policies when planning, performing and documenting audit test work. Specifically, we recommend the firm ensure the working papers clearly demonstrate the performance of audit planning and audit procedures required by the standards and explicitly document the auditor’s significant judgments and conclusions.

We found that for the audit of the County of Mecklenburg, Virginia, for the year ended June 30, 2015, except for the deficiencies described above, the working papers appropriately supported the requirements listed in A through E above. Firms can receive a rating of pass, pass with deficiencies, or fail. Creedle, Jones, and Alga has received a review rating of pass with deficiencies.

We discussed these matters with your firm on June 23, 2016. We will perform a follow up review in the coming year to ensure the firm has addressed the issues we noted during our review.

This report is intended for the information and use of management. However, it is a public record and its distribution is not limited.

Sincerely,

Martha S. Mavredes
Auditor of Public Accounts

cc: County of Mecklenburg
County of Mecklenburg School Board
Virginia Board of Accountancy
Virginia Society of Certified Public Accountants