



Members of the Council
Dover/Kent County Metropolitan Planning Organization

In planning and performing our audit of the financial statements as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Dover/Kent County Metropolitan Planning Organization's (Dover/Kent County MPO) internal 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 Dover/Kent County MPO's internal control. Accordingly, we do not express an opinion on the effectiveness of Dover/Kent County MPO's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 8, 2023 on the financial statements of Dover/Kent County MPO. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

1. Ensuring Checks are Used in Numerical Order

During the 2021 audit, we noted that some checks were written very far ahead of the numerical order. While there are compensating controls, using proper numerical order when writing checks can decrease the chance of duplicate or fraudulent checks. In addition, it will make the bank reconciliation process easier.

Recommendation

We recommend Dover/Kent County MPO reenforce the requirement of writing checks in numerical order.

Status

Management has made the correction for this. WGA deems the matter closed.

2. Develop an Accounting Procedure Manual

During the 2021 audit, we noted that Dover/Kent County MPO does not have an accounting procedures manual. There may be an assumption that because the Organization's accounting system is relatively simple and accounting personnel have direct and easy access to the executive director when questions arise, there is no need for a manual. However, written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management performs.

It will take some time and effort for management to develop a manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

Recommendation

We recommend Dover/Kent County MPO develop an accounting procedure manual.

Status

Management is in the process of developing the accounting procedure manual. This matter is still open.

3. Unsigned Time Sheets

During the 2021 audit, we noted that there was an employee who did not sign their timesheets. Ensuring that the employee signs their timesheets will help ensure that hours were properly worked and that payroll expenses were proper.

Recommendation

We recommend Dover/Kent County MPO reinforce the need for each employee to sign their timesheets.

Status

Management has made the correction for this. WGA deems this matter closed.

4. Documentation of Updated Salaries and Wages

During the 2021 audit, we noted that the Personnel Files do not contain updated versions of approved salaries or wages. While original sign-on salaries and wages can be found, keeping documentation on wage and salary increases will help ensure that payroll expenses are not overstated.

Recommendation

We recommend Dover/Kent County MPO keep an approved wage document in each personnel file that displays the most current wage/salary with proper approval.

Status

Management has made the correction for this. WGA deems this matter closed.

5. Establish a Written Capitalization Policy

During the 2021 audit, we noted there was no written capitalization policy available. Having a written capitalization policy will help accountants and management determine which purchases or betterments should be capitalized. For an Organization of their size \$1,000 or \$2,500 would be considered an acceptable threshold for a capitalization policy.

Recommendation

We recommend that Dover/Kent County MPO establish a written capitalization policy.

Status

Management is in the process of writing the capitalization policy. This matter is still open.

6. Year End Accounting Closing Procedures

During the 2021 audit, we noted there were no procedures in place to record the year end accounts receivable, accounts payable, accrual payroll including compensated absences (vacation and sick time earned but not used) and deferred revenues and any other adjustments necessary to conform to generally accepted accounting principles.

Recommendation

We recommend that Dover/Kent County MPO establish year end accounting procedures to ensure all accounts receivable, accounts payable, accrual payroll including compensated absences (vacation and sick time earned but not used) and deferred revenues and any other adjustments necessary to conform to generally accepted accounting principles are recorded to their general ledger.

Status

Management is still working on resolving this issue. The matter is still open.

We believe that the implementation of these recommendations will provide Dover/Kent County MPO with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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

Respectfully,

Whisman Giordano & Associates, LLC

Newark, Delaware
March 8, 2023