



Dr. Bruce Benson, Superintendent  
and the Management of  
the Stafford County School Board  
31 Stafford Ave  
Stafford, VA 22554

In planning and performing our audit of the financial statements of Stafford County School Board (the school board) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, we considered the school board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school board's internal control. Accordingly, we do not express an opinion on the effectiveness of the school board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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

We communicated a significant deficiency identified during our Circular A-133 audit in a separate communication dated January 26, 2015.

Following is a description of an identified deficiency in internal control that we determined did not constitute a significant deficiency or material weakness:

### **Segregation of Duties Related to Payroll**

During our audit, we noted that all payroll staff has access within the payroll system to add new employees, change direct deposit information, and change pay rates. We also noted that when new employees are approved to be hired, the principals/supervisors, who approve the hiring of the individual, do not always formally indicate their approval. Although the payroll is compared to the budget, we believe controls designed to prevent errors from occurring are also necessary to reduce the risk of fraud and error. We recommend that the individual(s) maintaining time sheets, recording payroll transactions, and processing payroll payments should not also be maintaining employee data and pay rates. Information Technology user controls should be established to prevent users from having the ability to update the payroll database and also process payroll transactions. We also recommend that employee files include formal hiring approval by departmental supervisors or directors.

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

*McGladrey LLP*

New Bern, North Carolina  
January 26, 2015