

DUKES COUNTY POOLED OPEB TRUST FUND
MANAGEMENT LETTER
JUNE 30, 2019



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CliftonLarsonAllen LLP
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Board of Trustees
Dukes County Pooled OPEB Trust Fund
Vineyard Haven, Massachusetts

In planning and performing our audit of the financial statements of the Dukes County Pooled OPEB Trust Fund as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. This letter does not affect our report on the financial statements dated November 14, 2019, nor our internal control communication dated November 14, 2019.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
November 14, 2019

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Comments and Recommendations

Monthly Account Reconciliations

Comment

As communicated in the prior year, we identified that a portion of the payable for settlement of investment trades reflected at June 30, 2019 had cleared in the investment statements prior to the end of the year. Proper internal controls require the timely reconciliation of all account balances.

Recommendation

We recommend procedures be implemented to reconcile all accounts monthly to ensure the accuracy of the balances reported.

Management's Response

This correction was made through the audit process for FY2019. Beginning in FY2020, the account balances are being reconciled monthly by the Treasurer, and cross-checked by at least one other Trustee and a staff member of Dahab Associates, the investment consultant.

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Monthly Employer Reporting

Comment

We identified that the monthly accounting reports by employer does not reconcile to the QuickBooks accrual trial balance, due to management excluding outstanding receivables and/or payables from the reporting. In addition, the administrative expenses and employer reimbursements are not factored into the reported amounts, which could potentially create issues when there are timing differences between payment of the administrative costs and reimbursement from the employers.

Employer reimbursement of administrative expenses are currently calculated using census data counts, if the methodology is not changed the Trust will need to ensure that the monthly allocations attributable to these amounts are factored into the monthly employer reporting using the same allocation base.

Recommendation

We recommend procedures be reviewed and updated as deemed necessary related to the preparation of the monthly employer reporting reports.

Management's Response

At the November 14, 2019 meeting of the Dukes County Pooled OPEB Trust, it was agreed that going forward, the monthly employer reporting would be altered to segregate the payout of and reimbursement for administrative expenses in a separate section of the report, as they are allocated based on census rather than asset share, and have no net effect on the Trust assets.

