Honorable Chairwoman and Members of County Council
York, South Carolina

In planning and performing our audit of the financial statements of York County (the "County") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 did not identify any material weaknesses during our audit.

Following are descriptions of identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Lack of Controls Over Journal Entries

During our testing over journal entries, we noted entries may be posted, reversed, or changed within the system without prior approval. The County's internal control requiring review and approval of all journal entries is a manual process, therefore the control is unable to detect or prevent the posting or manipulation of journal entries prior to review and approval.

Auditor Recommendation: Elliott Davis recommends the County implement a control within the system that prevents the same person from initiating and posting a journal entry, or that an electronic sign off is required within the system.

Rural Fire District Inconsistent or Lack of Internal Controls

During the agreed upon procedures engagement specifically over rural fire districts performed over the fiscal year 2022, we noted several instances of a lack of internal controls and/or inconsistent internal controls across rural fire districts. The lack of controls and/or inconsistency across fire districts limits the transparency of the County, limits the proper sharing of information for financial reporting with the County's finance department and could result in a financial misstatement.

The lack of controls and/or inconsistent controls across fire districts included the following areas:
Payroll and Human Resources

- Written policies and procedures over payroll and human resources
- Use of payroll providers

- Payroll processing, payment procedures and funding requests from the County
- Reconciliation between funding for payroll from the County and actual payroll expenditures

Expenses

- Written policies and procedures over procurement, purchases, payables, and payments
- Compliance with procurement policies and procedures
- Oversight and review of bank accounts and expenses
- Recording of expenses to a general ledger
- Reporting expenditures to the County
- Approval of expenses

Revenues

- Written policies and procedures over revenues, receivables, and receipts
- Reporting revenues to the County
- Operation of non-profit entities without reporting or transparency to the County
- Segregation of duties over handling cash and reporting revenue
- Recording revenue to a general ledger
- Reporting revenue to the County

Budget

- Preparation, approval, and submission of an annual budget

Board Oversight

- Regularly held board meetings
- Active oversight of Board

The lack of controls or consistent controls may result in an overstatement of expenses, understatement of revenues and an overstatement or understatement of rural fire district fund balances.

The Districts non-profit entities accepting revenue or contributions independent from the County (for example fundraisers) should maintain the same level of control over those receipts as are required by County funding. County Council may empower the Districts with spending authority over those funds; however, since the fundraising happens in the name of a County organization there is perception that those funds are governed similarly to County funds.

Auditor Recommendations: Refer to the Independent Summary of Findings report issued November 4, 2022 for a complete listing of individual recommendations.

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

Elliott Davis, LLC

Charleston, South Carolina
December 26, 2024