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To the Interagency Review Team  
and The Nature Conservancy  
The Virginia Aquatic Resources Trust Fund  
Charlottesville, Virginia

In planning and performing our audit of the schedules of the VIRGINIA AQUATIC RESOURCES TRUST FUND (the Fund) as of and for the years ended December 31, 2014, 2013, and 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the VIRGINIA AQUATIC RESOURCES TRUST FUND'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 schedules, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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 Fund's schedules will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the VIRGINIA AQUATIC RESOURCES TRUST FUND's internal control to be material weaknesses:

## **ALLOCATION TRACKING:**

While The Nature Conservancy (TNC) does track allocations based on approved budgets, they do not actively track changes in allocations. This can cause a material misstatement in annual reports to the Interagency Review Team (IRT). It is our recommendation that TNC begin to separately track allocation activity to be able to quickly identify available funds.

## *Members*

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and The Nature Conservancy  
The Virginia Aquatic Resources Trust Fund

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 consider the following deficiencies in the VIRGINIA AQUATIC RESOURCES TRUST FUND's internal control to be significant deficiencies:

**GENERAL LEDGER RECONCILIATION:**

While bank accounts are reconciled to TNC's accounting records, the Fund's ledger is not regularly reconciled to the same records. This could cause activity to not be recorded and, therefore, not included in the annual report. We recommend that the Fund's general ledger be reconciled to statements on a monthly basis to ensure all activity has been correctly recorded.

**GENERAL LEDGER REVIEW:**

The Fund's ledger is not regularly reviewed by a second individual to ensure all activity has been recorded correctly. This could cause activity to be recorded under the incorrect resource, which would cause annual reports to be misrepresented. We recommend the Fund's ledger be reviewed monthly by a second individual as well as having check figures be put in place within the ledger.

**ANNUAL REPORT REVIEW:**

The Fund's ledger is recorded on a cash basis, despite the fact that reimbursements cover multiple months and overlap years. This can cause significant activity be not be included in the annual reports. We recommend that reimbursements be done every quarter and that reimbursements are reviewed to ensure that expenses are included in the annual reports to which they belong.

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

Respectfully submitted,



Charlottesville, Virginia  
March 7, 2016