

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: November 25, 2016

MEMORANDUM TO: Board of Supervisors
County of Richmond
Warsaw, Virginia

FROM: Robinson, Farmer, Cox Associates (RFC)

REGARDING: FY 16 Audit of County of Richmond, Virginia

In planning and performing our audit of the financial statements of the County of Richmond, Virginia for the year ended June 30, 2016, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls of the County.

However, during our audit, we noted certain matters that are opportunities for strengthening internal controls and operating efficiencies. Said matters are not deemed to be material weaknesses or significant deficiencies in internal control. Further, this letter does not affect our report dated November 25, 2016 on the financial statements of the County of Richmond, Virginia.

We have already discussed these comments and recommendations with appropriate members of management and we will review the status of these comments during our next audit engagement.

GENERAL LEDGER ACCOUNTING:

RFC continues to recommend the County consider adapting the County's current software package or obtaining new software to provide for an integrated electronic general ledger for use by Treasurer's office and County Administrator's office. The software would enable staff to efficiently process revenue, expenditure and balance sheet reports and would eliminate the duplicate posting and reconciling required with the current system.

UNASSIGNED GENERAL FUND BALANCE:

The unassigned fund balance reported for County's General Fund was a deficit balance of \$56,958 at June 30, 2016. We recommend the year end unassigned fund balance be at least 15% of total expenditures to provide adequate cash flow for the County between local tax collection periods.

COUNTY DISBURSEMENTS:

In FY2016, a majority of disbursements tested were supported by invoices with no visible approval signoff. We believe that all invoices are being reviewed prior to payment, however we recommend that this process be documented by applying a visible signature or initial to the face of an invoice for approval.

SCHOOL BOARD FEDERAL REIMBURSEMENTS:

From our review of year end federal revenue accruals, it appears that the School Board is not submitting reimbursement requests for their federal grants on a timely basis. The requests that were examined revealed instances where expenditures dating back to February 2015 were not requested for reimbursement until October 2016. This creates cash management issues and could also be considered a federal finding if these programs were audited for Single Audit purposes. We recommend that the larger programs have reimbursement requests submitted monthly, and no less frequently than quarterly.