

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

**DATE:** November 22, 2016

**MEMORANDUM TO:** Board of Supervisors  
County of Northampton

**FROM:** Robinson, Farmer, Cox Associates

**REGARDING:** FY16 Audit of County of Northampton, Virginia

In planning and performing our audit of the financial statements of the County of Northampton, 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 22, 2016 on the financial statements of the County of Northampton, 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.

## **Year-end General Ledger Reports**

All year-end adjustments were not properly posted to the general ledger at June 30, 2016. We recommend that steps be taken to ensure that all year-end adjusting entries are properly reversed and posted to the general ledger before the auditor's arrive. Special attention should be given as to which revenue accounts are subject to the 60 day revenue accrual as well as consideration for amounts prepaid at year end. Debt service and capital asset transactions should be formally reconciled and year-end balances should be properly reflected in the General Long-Term Debt and Fixed Asset Group Funds.

## **Enterprise Fund Reporting**

Fund 501, Utility Fund, reporting should be on the full accrual basis of accounting. RFC proposed adjustments to record capital assets, depreciation expense, account receivable balances from Aging report, accrued vacation leave liability, OPEB liability and GASB 68 allocated pension liability with deferred inflows and outflows of resources. RFC recommends that steps be taken to ensure that all year-end Enterprise Fund adjusting entries are posted to the general ledger before the auditor's arrive.

## **Pay-rate Documentation**

During our audit of payroll disbursements, we noted that pay rate documentation is not always detailed in employee personnel files particularly when staff receive a cost of living or an across the board raise. We recommend that a pay rate approval or status change form be utilized to confirm all pay raises. RFC recommends that said form be signed by the Department Head or County

Administrator and detail prior salary and new salary with cost of living or other raise calculated and detailed on the form. This will allow the personnel file to document an employee's payrate history.

#### **County Procurement Policy compliance**

RFC noted an instance where compliance with the County's procurement policy relative to documenting sole source procurement and publishing a written notice stating that only one source was determined to be practicably available was not accomplished. RFC noted that the sole source notice relative to the award of the contract to Physio-Control, Inc. for EMS equipment for \$40,569.33 was not posted in a designated public area or published in a newspaper of general circulation on the date that the decision was made to award the contract. RFC recommends that the County follow its established procurement policy.

#### **Sheriff's Travel Reimbursements from Petty Cash**

RFC examined several checks issued from the Sheriff's Petty Cash account at the Eastern Shore Regional Jail. There were two payments (\$60.00 and \$180.00) made to staff for advances for meals at training sessions. There were no receipts attached to vouchers detailing purchases made. We recommend that all supporting receipts be submitted as required by County policy.

#### **FLSA compliance**

The Fair Labor Standards Act (FLSA) establishes minimum wage, over-time pay and recordkeeping standards affecting full-time and part-time workers. RFC recommends that the County review the provisions of the FLSA, new and old, to ensure that they are in compliance with the standard. All employee positions should be classified under the FLSA based on their job descriptions and this classification should be noted in writing. Currently, this determination is documented in New World rather than in employee personnel files or written job descriptions.