

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

**Date:** January 27, 2017

**Memorandum To:** Board of Supervisors  
County of Buckingham, Virginia

**From:** Robinson, Farmer, Cox Associates

**Regarding:** Audit for fiscal year ended June 30, 2016

In planning and performing our audit of the financial statements of County of Buckingham, Virginia as of and for the year ended June 30, 2016, 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 auditing 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County 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.

## Accruals and Audit Entries (Finance) (Repeat Comment)

### Finding

Several journal entries are made during the course of the audit to record accruals such as reclassifying loan funds and principal payments on debt in the water and sewer funds, reclassifying capital asset activity in the water and sewer funds, recording transfers to zero out the school operating and VPA fund balances, etc. Auditing standards describe significant audit adjustments as a sign of internal control deficiencies that may rise to the level of a significant deficiency or material weakness. In recent years, the Finance Director has prepared reconciliations for state and federal revenues and recorded related entries in this area as well as recording unbilled receivables for water and sewer funds and various other accrual entries through working with other departments and the School Board. In the current year, taxes receivable were included in the Finance Director's entries as part of audit preparation.

### Recommendation

Management should review the audit entries proposed during the course of the audit in an effort to record routine journal entries prior to audit fieldwork. In the year-end closing procedures and preparation for audit, account reconciliations should be performed to determine whether all activity is properly reflected in the general ledger and appropriate journal entries made. Efforts should focus on continuing to reduce the number and amount of general ledger adjustments proposed by the auditors.

## Capital Asset and Depreciation Schedules (County and School Board) (Repeat Comment)

### Finding

The capital asset and depreciation schedules are not being periodically reviewed for completeness and accuracy.

### Recommendation

Each of the capital asset and depreciation schedules (County general assets, County water and sewer assets, and School Board assets) should be reviewed for completeness and accuracy prior to audit fieldwork. Vehicles covered by insurance should be matched to the capital asset schedule to ensure that all items are accounted for. Additional identifying information, such as vehicle identification numbers (vin), year, color, or model should be added to the schedules, where available. The schedules should be updated on an ongoing basis and reviewed for accuracy prior to audit fieldwork.

## Receipting Policies and Procedures (Recreation Department) (Repeat Comment)

### Finding

There is no formal policy for collections made by the recreation department. The Board authorized use of Dillwyn Primary School by the department and new forms and program fees for use of the facility were discussed as part of this agreement. Although untimely remittances to the Treasurer were an issue with previous personnel, turnover in the department has led to more timely remittance of receipts.

### Recommendation

Management should create policies and procedures documenting collection of program fees and remittances to the Treasurer. Procedures should include tracking participants and the collection of program fees to ensure funds are collected from all individuals. All receipts should be remitted to the Treasurer's office in a timely manner. The turnover in personnel affords an opportunity to review practices and implement new procedures to strengthen internal controls.

## Statements of Economic Interest (County)

### Finding

In fiscal year 2016, semi-annual filing of statements of economic interest was required. For the December filing, statements were not filed by three members of the Industrial Development Authority and one member of the Planning Commission. In addition, one member of the Industrial Development Authority and one member of the Planning Commission did not file by the required due date. All required filings for the June 2016 deadline were made timely.

### Recommendation

There is also now a civil penalty of \$250 assessed to any officer who knowingly violates the Act. The Clerk is responsible for notifying the attorney for the Commonwealth of any local officer's or employer's failure to file the required form. County administration should continue to monitor these filings and ensure that all required parties have submitted their forms by the due date or contact the attorney for the Commonwealth, as appropriate.

## Utility Receivables (County)

### Finding

The June 2016 water and sewer receivable balances reports were not generated and reconciled to the general ledger. The reports must be printed the first business day of the following month, but the clerk was out on leave in early July. Personnel covering her duties failed to generate the reports.

### Recommendation

Management should create policies and procedures detailing routine financial duties that must be performed. During absences of individual staff, others should be cross trained to perform these duties to ensure all necessary financial information is maintained and appropriate reconciliations performed. Any discrepancies noted on the monthly reconciliations of receivable balances should be researched and corrected as appropriate. Also the allowance for uncollectible receivables should be reviewed and adjusted accordingly based on a review of outstanding balances.

## CSA Reimbursements (County)

### Finding

The State requires that all Children's Services Act (CSA - formerly Comprehensive Services Act) expenditures for the fiscal year be requested for reimbursement on or before September 30 of the following fiscal year. During the year, the County assumed the financial processing of CSA transactions from the Department of Social Services. CSA expenditures of almost \$99,000 were not requested for reimbursement prior to the September 30 deadline. On average, about 81% (or approximately \$80,000) of these costs are reimbursed by the state, but the County will have to bear the full cost of these services for failure to meet the request deadline.

### Recommendation

We recommend management implement policies and procedures to ensure reimbursement requests are completed, reviewed, and filed in a timely manner.

## Business Continuity Plan (Department of Social Services) (Repeat Comment - Compliance Issue)

### Finding

The business continuity plan does not contain COOP program procedures addressing three types of disruptions in accordance with VDSS guidelines. The plan should address the loss of access to a facility (as in a fire); loss of services due to a reduced workforce (as in pandemic influenza); and loss of services due to equipment or systems failure (as in information technology (IT) systems failure).

### Recommendation

VDSS has a sample plan that was provided to staff during audit fieldwork. VDSS guidelines should be reviewed and the business continuity plan should be updated accordingly, addressing three types of disruptions. The plan must be updated every 12 months.

## Special Welfare Balances (Department of Social Services) (Repeat Comment)

### Finding

Special Welfare funds are on hand for three cases, which have had the same balances since June 30, 2014. One child has been adopted and one child received SSA checks, which were used to refund CSA payments. However, the child was no longer eligible to receive money from SSA even though checks were still

received. This account has held the same balance for at least five years. According to management, all three accounts are on hold due to disputes with SSA.

Recommendation

We recommend management continue to monitor this issue and remit the funds to the appropriate parties, when appropriate.

Comp Time (Department of Social Services) (Repeat Comment)

Finding

DSS employees receive advance approval for working overtime and are granted comp time in lieu of overtime pay. The comp time is credited hour for hour instead of at time and a half.

Recommendation

The FLSA requires overtime to be credited at time and a half for hours worked in excess of the normal workweek with some exceptions. We recommend management review this practice and verify it is in accordance with the Fair Labor Standards Act and the recently effective labor requirements.

Annual Review of Access (Department of Social Services) (Compliance Issue)

Finding

The Virginia Department of Social Services requires that each local security officer (LSO) annually review all employees' access to each application with employee's supervisors to ensure that the access is properly aligned with job responsibilities. The local security officer at the local department of social service is not annually reviewing access to each application. Instead, access is reviewed when charges need to be made.

Recommendation

VDSS guidelines should be reviewed for specific requirements and the LSO should annually review all employees' access to each application in accordance with those requirements.

Procurement (Department of Social Services) (Compliance Issue)

Finding

One vendor is used for agency gas and the purchase of gas cards for VIEW clients. Payments totaling \$18,000 were made to the vendor during the year. The agency does not have a contract with this vendor but uses them because they offer a monthly billing option. However, procurement procedures were not done.

Recommendation

The County purchases gas from the School Board for the county fleet vehicles. We recommend the agency contact the County and School Board about purchasing gas from the School Board for agency vehicles for a potential cost savings. In addition, management should review procurement requirements and ensure they are met with regard to the purchase of gas cards.