

To the Honorable Members of the Board of Supervisors and Management  
County of Chesterfield, Virginia

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2017, 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 opinions 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.

During our audit, we noted certain recommendations for controls and operating efficiencies as they relate to federal programs and compliance with the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. This letter does not affect our report on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed these items with various County and School personnel, and we will be pleased to discuss this in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

#### **Medicaid Supervisory Review of Case Files**

As a result of the fiscal year 2016 audit per the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), finding number 2016-001 was reported as a material weakness and material noncompliance over eligibility determinations and related controls of the Medical Assistance Program (CFDA Number 93.778). Consequently, the County developed and implemented the following corrective action plan:

- Case Monitoring Plan: November 1, 2016 and monthly thereafter
- Policy refresher training: February 1, 2017
- Complete filing required information in participant case files: December 1, 2016

During our 2017 audit procedures, we noted that the corrective action plan appeared to be fully implemented by the County as of June 30, 2017; however, we did note that, per review of four (4) supervisor case files for September 2016, only two (2) supervisors had performed documented reviews. All other seven (7) supervisor case files reviewed for January and March 2017 showed evidence of case file reviews in accordance with the County's policies, including the same supervisors tested in September 2016 without documented reviews.

We recommend that the County continue to emphasize the importance of maintaining the full implementation of the corrective action plan components to ensure the procedures in place at June 30, 2017 continue to be effectively performed.

**County Response:** The County recognizes the importance of being in compliance with the requirements and immediately implemented a corrective action plan when the findings were communicated last year. We will continue to emphasize the importance of compliance and work to ensure that the procedures in place at June 30, 2017 continue to be effectively performed.

## Annual School Report

Per Section 22.1-81 of the *Code of Virginia*, each School Board must submit an annual financial report (Annual School Report) to the Virginia Board of Education no later than September 15 of each year on forms provided by the Superintendent of Public Instruction. In accordance with an extension granted by the Virginia Department of Education (VDOE), the County submitted this report on September 27, 2017. However, upon further review and reconciliation of the submitted information to the accounting records, Schools' Finance personnel noted discrepancies requiring adjustment and adjusted the Annual School Report accordingly, as allowed for by Virginia Department of Education policy. After review by Schools' Finance personnel, a revised Annual School Report was resubmitted on October 26, 2017 and subsequently accepted by the VDOE.

We recommend the County implement corrective action procedures to ensure the timely submission of the Annual School Report only after a complete and accurate reconciliation of related balances to the accounting records has occurred.

**County Response:** The Schools have already taken steps to prevent any need to submit corrections to the Annual School Report following the due date of September 15<sup>th</sup> or September 30<sup>th</sup> with a granted extension. We have implemented internal review processes to ensure that the information presented on the Annual School Report is accurately reflected and reconciled to the draft CAFR information, received in coordination with County Accounting staff and accounting records.

### County's Responses to Observations

The County's responses to the observations noted in our audit are described herein and were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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This communication is intended solely for the information and use of management and the Board of Supervisors of the County, and the Auditor of Public Accounts of the Commonwealth of Virginia, and is not intended to be and should not be used by anyone other than these specified parties.



Richmond, Virginia  
October 31, 2017