

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: January 12, 2017

MEMORANDUM TO: Stephen Bear, County Administrator
County of Wythe

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit Comments

In planning and performing our audit of the County of Wythe, Virginia, for the year ended June 30, 2016, we considered the County of Wythe, Virginia'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 control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. In addition to the items addressed below, the County's audit report contains an additional findings in the Schedule of Findings, Responses and Questioned Costs.

Administration Comments

Statements of Economic Interests: Board members, Constitutional Officers and certain appointees and employees are required to complete a form annually called the Statement of Economic Interest Form. In reviewing these forms, we noted that some individuals did complete the form(s) properly. We strongly recommend that these forms be completely filled out annually, as required by the State.

Treasurer's Office Comments

Lack of Segregation of Duties - Collections: A key component of internal controls is that no one individual should have both access to accounting records and related assets. The County bookkeeper and the employee who reconciles bank statements monthly are not independent of the collection function as both employees receive payments from customers as necessary. We recommend that the office review staffing assignments and make adjustments necessary to gain an adequate segregation of duties.

Lack of Segregation of Duties- Reconciliations: A key component of internal controls is that no one individual should have both access to accounting records and related assets. The County Bookkeeper currently prepares the deposit daily and maintains the County's books. We recommend that the office review current assignments and have someone other than the Bookkeeper prepare the daily deposits.

Commingled Cash Drawers: During our visit we noted two cash drawers were in use, however several individuals were collecting and depositing funds into these drawers. As a result, if the cash drawers are short at the end of the day, the Office would not be able to determine who was responsible for any discrepancies. We recommend that each cash drawer be used by only one cashier daily. In discussions with the Treasurer, it was

noted that the current office configuration constrains the office's ability to have an open cash drawer for each clerk.

Delinquent Tax Listings: The Treasurer's Office maintains a detailed tax ledger (control log) in which they record tax assessments, supplemental assessments, tax exonerations and resulting balances. These ledgers do not reconcile to delinquent tax listings as produced from the tax collection software. It is our understanding that this problem is related to the current tax billing/collection software and that the County is in the process of evaluating potential software changes that should alleviate our concern.

School Board Comments

Lack of Segregation of Duties: The payroll clerks enter new employees into the payroll system, process payroll and print payroll checks that are automatically signed when printed. We recommend that someone independent of payroll processing enter new employees in the system. We also recommend that someone independent of payroll processing print payroll checks (printing of payroll checks should be password protected so the payroll clerks can not perform this function) and control the distribution of same.

Lack of Segregation of Duties: The payroll clerk uploads wire transfers for each payroll. We recommend that someone independent of payroll processing initiate wire transfers.

Credit Card Purchases: During our review of credit card purchases at the School Board, we noted that detailed receipts were not on hand for some of the items selected for testing. We recommend that School personnel retain detailed receipts for all purchases.

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