



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: May 21, 2024

MEMORANDUM TO: Jonathan Sweet
County of Pulaski, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2023

In planning and performing our audit of the financial statements of County of Pulaski, Virginia for the year ended June 30, 2023, 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 control structure.

However, during our work, 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. Please note: **The audited financial statements contain findings in the schedule of findings and questioned costs and should be reviewed in conjunction with the comments below.**

Department of Social Services

Special Welfare Account

Currently the Social Services Department holds funds in their special welfare fund that are not held for specific children. The Code of Virginia, 1950 as amended section 63.2-230 specifically allows local agencies to accept and expend certain funds on behalf of children placed by or entrusted to the local board when no guardian is appointed. It appears that the local agency has deposited additional funds, such as general contributions (ie. St. Jude Catholic Church Acct, Tornado Toys & School Supplies, and Miscellaneous Acct - Discretionary) to the special welfare fund. In general, we feel that contributions to the Social Services Department are subject to appropriation by the Board of Supervisors prior to expenditure. As such, we recommend that the Department review the sources and uses of these funds and establish a fund for the receipt and expenditure of non-fiduciary monies. The expenditure of such funds would be subject to an appropriation by the Board of Supervisors.

The cash balance per the Special Welfare Fund is \$29,479 while the special welfare ledger provided by social services totals \$14,969. We recommend that a reconciliation be performed on a routine basis to ensure amounts agree.

Credit Card Documentation

We tested 3 months of credit cards and were unable to locate sufficient, detailed receipts for purchases totaling \$1,137.07. Total purchases for the 3 months selected for testing were \$17,043.14. Additionally, we noted gift card and gas card purchases totaling \$950.00 for which we were unable to obtain a recipient listing/acknowledgement. We recommend that care be taken to ensure that detailed receipts exist for all purchases and a gift/gas card acknowledgment form signed by individuals that receive same.

County

Due to/from Component Units and Interfund Balances

There are large outstanding inter-entity and internal due to/from amounts between the County's General, School CIP, and County CIP Funds as well as the School Fund. We recommend that these balances be investigated and repayment terms be established or amounts be forgiven/removed, as is determined to be appropriate.

Auditor of Public Accounts (APA) Reporting Deadline

Audited financial statements are required to be filed with the Auditor of Public Accounts of the Commonwealth of Virginia by December 15th each year. Adjusted trial balances were not provided for audit until March 28, 2024.

Capitalization Thresholds

We recommend that a formal capitalization policy be established to include right-to-use intangible asset thresholds by types of assets to assist in evaluating leased assets for inclusion in the financial statements with the implementation of GASBs No. 87 during the fiscal year. The policy might also consider the allocation of equipment and maintenance/services for copier equipment when same is not specifically stated in the lease agreement to ensure consistency of reporting. Per inquiry, management has drafted a policy to be adopted for fiscal year 2024.

Receivable Listings and Billings

There are amounts billed in the County Finance office that are reported as revenue that are then duplicated when the cash and revenue are posted by the Treasurer's office. This creates an extra step in performing batch uploads wherein duplicated transactions must be removed. We recommend that management consider billing these amounts outside of the system and tracking same manually on a routine basis to help make the batch upload process from BAI to Munis more efficient. Billed and collected amounts should be reviewed routinely to ensure that amounts are being collected timely.

ARPA Reporting

On the P&E report for ARPA submitted for the year ended March 31, 2023, "current period expenditures" of \$70,000.00 were reported for Project: ARPA Coordinator. That total duplicates \$60,486.10 that was reported in the report submitted for the year ended March 31, 2022. The total cumulative expenditures were reported correctly for a total of \$70,000.00. As reports cannot be modified once submitted, we recommend that care be taken on the initial submission and that a review process be considered to ensure appropriate reporting.

Munis Treasurer's Accountability for Tax Balances

We noted that the receivable and related deferred balances for taxes outstanding in Fund 900 do not match the balances as reported in BAI or on the signed Treasurer's Accountability report. We recommend that an entry be posted within Fund 900 to bring those balances into agreement with the delinquent listings/Treasurer's BAI balances.

Patient Billing Reports - Pulaski County Public Safety

The accounts receivable balance on billing reports obtained from the third-party billing company for patient fees do not rollforward monthly as expected. The calculated balance in January from billing and adjustment reports does not agree to the Monthly Report by \$12,514.90. The difference carries forward through the end of the year. Additionally, the payments per the reports does not reconcile to cash collections by \$27,140.74. We recommend that monthly reports be obtained from the billing company and reconciled to ensure appropriate reporting.

Negative Pooled Cash Balance

We noted that the Wireless Fund reported a negative pooled cash balance at year-end. For reporting, balances should be shown as due to/from amounts rather than negative cash. Additionally, a payment plan should be established wherein amounts will be repaid or the transfers should be posted to close out negative balances. Per inquiry, the balance was closed out in February 2024.