



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: February 22, 2024

Memorandum to: Stephen A. Boyer, County Administrator

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of County of Grayson, 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 opinions 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. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience. **These comments below should be read in conjunction with the schedule of findings and questioned costs included in the audited financial statements.**

County:

Accounting System Maintenance and Reconciliations:

During the audit we noted various items that should be improved within the accounting system and related reconciliations.

- During our reconciliation of cash, we noted some entries were posted in the accounting funds and not the Treasurer's accountability fund. We recommend the Treasurer's Office and Finance Office work together to reconcile the General Fund and other Funds to the Treasurer's Accountability Fund to ensure the accuracy of the accounting records overall. Due to this lack of reconciliation process, we were unable to verify cash per the bank reconciliation to the reported funds by approximately \$21,150.
- We recommend that the Local Sales Tax fund be merged with the County General Fund. We also recommend the County review their processes with the current fund structure and merge funds that are not required.
- During our audit of expenditures, we noted the Capital Improvement, CARES, and EDA Funds' only have one expenditure line each. We recommend that departments with individual expenditure lines be established to appropriately track expenditures by type and project.
- During our review of the PSA Funds, we noted it did not appear multiple funds were necessary and have caused reconciliation issues. We recommend the County consolidate Funds 532 and 564 into 501.

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County: (Continued)

Accounting System Maintenance and Reconciliations: (Continued)

- During our audit of revenues, we noted neither the County Finance Office nor the Treasurer's office was reconciling revenues to subledgers or external sources. We recommend the County reconcile the Auditor of Public Accounts Cardinal report to the state and federal revenues each quarter and in total at year-end. We also recommend that tax revenues be reconciled by revenue type to ensure accurate reporting within the accounting system.
- Finally, we noted that the County Finance Office was not reviewing the payroll and other liabilities. We recommend the Finance Director generate a "one-line trial balance" at the end of each month and review the accounting liabilities to ensure the amounts are accurate.

Conflict of Interest Statements:

During our review of the Conflict of Interest and Economic Interest Statements we noted several that were not completed thoroughly. We recommend all forms be completed in their entirety to ensure proper compliance.

Accounting System User Access:

During our audit we were informed of security concerns regarding various clearance levels for various employees within the Edmunds Accounting System. We recommend the County evaluate each user's access and ensure it provides the necessary access to complete their job efficiently without providing a security concern. Further, we recommend that the County's IT department be the only department to provide and change user access.

Budget:

During our review of the appropriations versus expenditures, we noted that several departments overspent their appropriations. These departments include the Sheriff, Animal Control, Refuse Collection, Refuse Disposal, Buildings and Grounds, the Broadband Fund, and the PSA Fund.

Further, we recommend amending the annually approved budget document to make sure it clearly appropriates expenditures for all funds including the total School Board budget (including state and federal funds).

Fire Program Funds:

During our reconciliation of the ATL Annual Report we noted an immaterial variance between the general ledger and the report submitted to the State. We recommend the County implement a procedure to ensure the report submitted to the State is accurate.

Federal Grants Policies:

During our review of the County's purchasing and personnel policies for federal compliance, we noted several policies as required by Uniform Guidance may need to be added or updated. We recommend the County review both policies in full to ensure up to date compliance but specifically recommend the County address the following policies and procedures in writing: grant cash management, grant allowability review, conflict of interest, and procurement.

Social Services:

Expenditure Reconciliation:

During our reconciliation of expenditures, we found an immaterial variance in most months of the fiscal year. We recommend the Social Services and Treasurer work to reconcile the records to ensure amounts claimed from Virginia Department of Social Services are accurate.

SNAP-ET Program Compliance:

During our testing of the SNAP-ET program, we found several purchases that were not directly for the benefit of participants. The Social Services purchased hygiene supplies to have on hand but was not able to directly account for an eligible individual's use of same. Further, office furniture and a vehicle were purchased using the funds of this program that do not appear to be in compliance with the program requirements.

VIEW Program Compliance:

During our testing of the VIEW program, we found several purchases that do not appear to comply with the requirements of the program. We found that several purchases were for various allowable costs that were not transportation related but the corresponding Activity and Service Plan was only for transportation related purchases. We also noted that a payment of \$1,000 was made towards the Agency's new vehicle purchase. This payment does not appear to be in compliance with the program requirements and further could duplicate direct and indirect charges to the State.

School Board:

Federal Grant Expenditures:

During our single audit of federal programs, we had a difficult time reconciling grant reimbursement receipts to expenditures posted within a federal program of the accounting system. While each reimbursement request is supported by detailed expenditure listings, we recommend each federal grant be tracked with a separate project number in order to reconcile each grant's expenditures in the accounting system to the corresponding reimbursements.

Untimely Reimbursement Requests:

During our review of reimbursement requests, we found the School Board was not timely requesting reimbursement of expenditures. We recommend reimbursements be performed monthly and quarterly, at a minimum. Timely reimbursement requests will help cash flow but will help ensure accurate financial reporting because expenditures and corresponding revenues should be reported in the same period.