



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: March 3, 2026

Memorandum to: Catherine Ballard, Finance Director

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the County of Giles, Virginia for the year ended June 30, 2025, 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 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.

Budget Documents:

In reviewing School Board and County budget data, we noted that the School Board budget (as reported in the School Board's accounting system) did not agree with the budget for the School Board in the County's accounting system. We recommend that the County and School Board reconcile their budget entries to ensure that the budgets in both systems agree (at least in total).

Budget:

Our test of appropriations disclosed that the Social Services Fund and Comprehensive Services Fund expenditures exceeded their appropriations. We recommend that the County transfer appropriations, as necessary, to cover expenditures as allowed in the appropriations resolution.

School Board Reimbursement Request:

During our review of grant and loan requisitions, we noted that reimbursement request are not filed in a timely manner. Generally, reimbursement request should be filed within 90 days of the related expenditure. By filing reimbursement request timely, the County will receive deposits earlier and will be able to earn additional interest on those funds. In addition, this will expedite the audit process as all reimbursement requests related to a fiscal year must be filed prior to audit closeout (so they may be recorded as receivables at year end).

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Opioid Grant Program:

During our review of Opioid Grant expenditures, we noted that expenditures were not posted consistently to dedicated departments or funds. We recommend that the County establish dedicated departments for the posting of these grant expenditures. **Based on our discussions with management, it is our understanding that dedicated departments were established for the 25-26 fiscal year.**

School Board Prepayments:

During our review of purchases near year end, we noted that the School Board issued checks for two new (2027 model) buses prior to receiving those buses and the checks were held into the new (25-26) year for release. The *Code of Virginia, 1950 as amended* in section 15.2-1244 by reference from section 22.1-122 indicates that no warrant (check) shall be issued for any purpose other than the payment of a claim received, audited and approved. In the future, the School Board should refrain from prepaying for goods or services.