

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: January 27, 2017

MEMORANDUM TO: Craig Horn, Administrator  
County of Buchanan, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit Comments

In planning and performing our preliminary audit fieldwork for the County of Buchanan, Virginia, for the year ended June 30, 2016, we considered the County of Buchanan, 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 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.

## *General County Comments:*

### **Solid Waste Collections:**

In reviewing solid waste collections, we noted that deposits are not being made with the Treasurer's Office on a timely basis. For instance collections from the period of 5/30/2016 through 7/8/2016 were deposited with the Treasurer on July 14, 2016. We recommend that cash collections be remitted on a weekly basis.

### **Voided Checks:**

We identified two checks that were written in 2014 and subsequently voided in June of 2016. Checks that are issued in error should be voided in the accounting system as soon as the County determines that the checks will not be cashed.

### **941 Reconciliations:**

The County's quarterly 941 reports did not reconcile with W-3 for the 2015 calendar year. Specifically, lines 2, 5a and 5c on the 941 report should reconcile with wages reported on lines 1,3, and 5 of the W3. In the future, the County should reconcile the W-3 to the 941 reports and file an amended 941 report if any discrepancies are noted. **We did note that the overall variance was not significant to the County's financial statements.**

### **VRS Contributions:**

Auditors are now required to review reconciliations of amounts reported to the Virginia Retirement System against payroll records of localities. The County currently does not perform a detailed reconciliation of the aforementioned items. We strongly recommend that the County begin reconciling gross wages reported in the various payroll systems to creditable compensation reported to the VRS for County, Public Service Authority, Social Services and Headstart employees. This reconciliation will ensure that the County is not overpaying or underpaying the VRS.

**Statement of Economic Interest Forms:**

During our review of economic interest forms for County Officials, we noted that in some cases the forms were not completely filled out. In the future, the forms should be completed.

**School System Comments:**

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**Statement of Economic Interest Forms:**

During our review of economic interest forms for School Officials, we noted that in some cases the forms were not completed in a timely manner. In the future, the forms should be completed by the statutory due dates.

**Cancellations of Invoices:**

In our review of invoices, we noted that some invoices were not cancelled. We recommend that each invoice be stamped "paid" or a copy of the check be attached to all paid invoices, to reduce the chance of double payment.

**Virginia Retirement System (VRS) Reconciliation:**

Auditors are now required to review reconciliations of amounts reported to the Virginia Retirement System against payroll records of localities. The School Board's reconciliations of the aforementioned items are incomplete. We strongly recommend that the School Board begin reconciling gross wages reported in their payroll system to creditable compensation reported to the VRS. This reconciliation will ensure that the School Board is not overpaying or underpaying the VRS.

**Virginia Retirement System (VRS):**

Payments to VRS should be confirmed within 10 days of month end and remitted at the same time. In our review of confirmation and payment dates, we found that the School System did not perform either task within 10 days for one of the three months selected for testing. In the future, the System should confirm their monthly payments and make same within 10 days of month end.

**Special Education Reimbursements:**

During our audit, we identified federal special education funds that were spent in July, August and September of 2015, but were not requested for reimbursement until after January 1, 2016. At a minimum, the School System should request funds on a quarterly basis for all allowable cost incurred during the prior three months.

**Social Services Comments:**

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**Comprehensive Services Act (CSA):**

During our review of CSA case files, we noted that documentation in the files does not support the actual disbursement of funds. Specifically, we identified the following items:

1. We noted that the CPMT Board's approval did not match actual payments made. For instance, the Board approved a daily rate (for education) for one child at \$78; however the vendor charged the County a daily rate of \$98. As such, the difference of \$20/day may be disallowed by a State audit.
2. We noted that CPMT approval was not maintained in several case files. Under State audit any cost paid for those children may be disallowed.

The Social Services Department must begin adequately documenting CPMT approvals and those approvals must match the actual payments made to service providers (vendors). In addition, CSA files must contain all required components. We recommend that the Social Services Department begin using the inventory sheet provided by the State Department of Comprehensive Services to ensure all files are complete.