



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: December 6, 2021

Memorandum To: Piedmont Community Services

From: Robinson, Farmer, Cox Associates

Regarding: Audit for Year Ended June 30, 2021

In planning and performing our audit of the financial statements of Piedmont Community Services for the year ended June 30, 2021, we considered the 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. This letter does not affect our report dated December 6, 2021 on the financial statements of Piedmont Community Services. 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, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Audit Trial Balance Preparation

The audit trial balance required a couple of material reclassifications to revenues and expenses. In one case, a transfer between funds was reflected as both revenues and expenses resulting in overstated activity in each category. In another case, a revenue line was added in the expenses section instead of revenues resulting in understated revenues and expenses. A few other reclassifications were also made to the accounts. However, most of these reclassifications do not require adjustment to the general ledger as the accounts were properly reported in the accounting system. The general ledger is converted to the GAAP basis required for financial statements using an excel spreadsheet. We recommend the excel trial balance presented for audit be reviewed for reasonableness in comparison with the prior year to ensure that all activity is properly reported in each category.

Procurement Policy

The procurement policy includes references to OMB A-87 and A-133, which were superseded by Uniform Guidance. Uniform Guidance allowed for a grace period for implementing the procurement provisions, which is referenced in the Organization's policies. This grace period has now ended and should no longer be referenced. We recommend the financial and procurement policies be updated to reference Uniform Guidance instead of the superseded circulars.

VRS Census Data

VRS compliance testing includes a review of census data elements. For one out of twenty-five employees selected for review, census data was incorrect. This employee's birth date and social security number were not correctly entered into the VRS Navigator. We recommend the census data information be reviewed against supporting documents prior to finalizing the data entry in the VRS Navigator.

Upcoming Accounting Pronouncements

Due to the coronavirus pandemic, GASB delayed the implementation date of certain accounting standards. We recommend management review upcoming accounting pronouncements in preparation for implementing them in future years. Lease agreements (lessee and lessor) should be gathered and terms reviewed for the appropriate accounting treatment.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, fiscal year 2022.