

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: December 5, 2018

Memorandum to: Brian Carter, CPA, Finance Director

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit fieldwork audit for the year ended June 30, 2018, 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 fieldwork, 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.

Review of Financial Reports:

As noted in the audited financial statements (schedule of findings and questioned costs), we noted a number of adjustments that were necessary for the books to be presented in accordance with current reporting standards.

To improve financial reporting, we recommend that the County Finance Director begin performing a final review of all financial statements (including the School Board) to ensure the books agree with subsidiary detail ledgers and or other supporting documentation.

Statements of Economic Interest:

During our review of economic interest statements, we noted that some forms were not completed in a timely manner. In accordance with the *Code of Virginia, 1950 as amended* section 2.2-3124, the Clerk of the governing body should notify the Commonwealth's Attorney of any tardy filings and he may take action to assess a civil penalty against individuals that do not file their forms on time. Accordingly, we suggest that officials required to complete these forms do so in a timely manner.

Bid Bond:

The County did not require a bid bond for the landfill project in accordance with the *Code of Virginia, 1950 as amended* (the Code). In the future, the County should require bid bonds for projects in accordance with the Code.

BLACKSBURG OFFICE

CORBIN C. STONE, C.P.A., MANAGING DIRECTOR

MAILING AND STREET ADDRESS:
108 SOUTHPARK DRIVE
BLACKSBURG, VIRGINIA 24060

E-MAIL: CSTONE@RFCA.COM
INTERNET: WWW.RFCA.COM

TELEPHONE: (540) 552-7322
FAX: (540) 552-0338



Delinquent Tax Balances:

Currently, the County does not maintain control accounts in the general ledger to document the balance of outstanding taxes. We recommend that the County establish control accounts to track outstanding tax balances and reconcile those accounts to delinquent tax reports periodically. We understand that the County is working toward implementation of this recommendation in 2019.

Social Services Department

Electronic Benefits Transfer (EDT) Payments:

The State requires a separation of duties between workers that issue EBT cards to social services clients and their eligibility worker. In reviewing EBT issuances, we were unable to determine the issuance clerk on 2 of 50 cards tested. In the future, the Department should ensure the issuance clerk is listed on the internal action and card authorization forms.

View Program:

The State requires an activity and service plan for each client receiving VIEW Program benefits. Currently, the local Social Services Department does not complete these plans for clients that are receiving gas cards under the VIEW Program. In the future, the Department should complete service and activity plans for all clients receiving benefits under this program.

School Board

School Cafeteria Funds:

The School System maintains certain school cafeteria funds outside of the Treasurer's custody. We believe these funds represent a centralized cafeteria fund and therefore should be held in the Treasurer's custody; reported in the County's accounting system; and be subject to annual appropriation(s) by the Board of Supervisors. We recommend that the School System turn custody of these funds over to the Treasurer's Office and begin preparing an annual budget for appropriation by the Board of Supervisors.

School Cafeteria Deposits:

The School Board does not currently compare deposits to the cafeteria account to collection reports in the cafeteria point of sale system. We strongly recommend that the School Board implement procedures to reconcile deposits in the cafeteria account to collections in the point of sale system.

Title 1 Program:

The School's Title 1 Program is funded federally and requires that employees paid with program funds complete a time and effort certification every six months. During our review of these certifications, we were unable to find same for employees that split time between this program and other duties. In the future, the School Board should require all employees charged to the program (any percentage of their salary) to complete and sign a time and effort certification.

Self-Insurance Fund:

The School Board is self-insured for employee health coverage; however, a separate fund has not been established to ensure the carryover of funds from one fiscal year to the next. We recommend that the School Board establish a self-insurance fund to track the receipt and deposit of employer and employee payments to the plan as well as disbursements and balances of plan assets.

Sheriff's Department

Sheriff's Asset Forfeiture Account:

The Sheriff's Office maintains an asset forfeiture account. This bank account holds assets (cash) seized by the Courts until a proper distribution of same is determined. There is no specific guidance for the custody of these funds; however, we feel that these funds should be deposited with the County Treasurer in a fiduciary account from which checks can be issued upon receipt of a distribution notice from the Courts.

Inmate Bank Account:

During our review of the inmate bank account reconciliation, we did not see any documentation of review of the reconciliation by someone independent of the person maintaining the account. We recommend that the Department have someone review the bank statements and reconciliation monthly and sign off on same.