



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: March 28, 2023

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, 2022, 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.

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 that the Finance Director had not posted transfers between funds as approved by the Board of Supervisors. The Treasurer's Office had posted such transfers to 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 lacking reconciliation process, we were unable to verify cash per the bank reconciliation to the reported funds by approximately \$33,000.
- Further, we noted that several of the funds (while merged with the General Fund for financial reporting) maintained negative cash as of June 30, 2022. The Broadband and Capital Improvement Funds had significant negative balances that were likely amounts due from the General Fund. We recommend implementing a monthly reconciliation process as noted above.
- 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.

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County: (Continued)

Accounting System Maintenance and Reconciliations: (Continued)

- 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.
- 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 submitted after the deadline. In addition, we noted a couple forms that were not filled out completely. We recommend all forms be completed as required in a timely manner. The next submission of forms for calendar year 2022 were due by February 1, 2023.

Fire Program Funds:

During our reconciliation of the ATL Annual Report we noted that the County was reporting on a "grant year" instead of fiscal year as required by the reporting guidance. Further, we were unable to reconcile the ATL Annual report activity to the general ledger. We recommend that the County implement procedures to correctly report and document the ATL funds and expenditures going forward. We also recommend performing an independent review of the ATL Annual Report for accuracy prior to submission.

Finally, during our review of the Fire Program expenditures, we noted that some receipts were dated 2021 but reimbursed in fiscal year 2022. We recommend the volunteer agencies provide eligible receipts for reimbursement in a timelier manner.

County Sales Tax - Broadband Project:

During our review of the expenses and reimbursement request related to the Broadband project, we noted that the County paid \$24,875 in Virginia sales tax that County should have been exempt from paying. Further, the reimbursement request should not have requested those funds either.

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.

Sheriff:

Bank Account Compliance:

During our review of the Evidence bank account, we noted that a check was issued in the amount of \$4,000 with only one check signer. In accordance with the best practices of the Virginia Sheriff's Manual, we recommend checks include two check signers going forward.

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.