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A Professional Corporation

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To the Board of Supervisors
County of Henry, Virginia

In planning and performing our audit of the financial statements of the County of Henry, Virginia for the year ended June 30, 2022, we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements.

During our audit, we became aware of matters that need addressing. The memorandum that accompanies this letter summarizes our comments and suggestions regarding the matters. We reported on the County's internal control in our report dated December 5, 2022. This letter does not affect our report dated December 5, 2022, on the financial statements of the County of Henry, Virginia.

We will review the status of the comments during our next audit engagement. We have discussed this with management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 5, 2022

MEMORANDUM

COUNTY OF HENRY, VIRGINIA

Management Letter Points

Mobile Home Titling Tax

The County receives a quarterly revenue stream from the State of Virginia for Mobile Home Titling Tax collected from County of Henry taxpayers. The quarterly payment from the state is initiated by the County Commissioner of Revenue reviewing and signing reports which are then submitted to the state for payment. During the County budget process for Fiscal Year 2023, it was discovered that none of these funds had been received since the quarter ended March 31, 2021, which was over a year without receiving this revenue stream. County staff was able to coordinate with the state and the Commissioner of Revenue to submit the required forms to collect payments for all prior quarters which were collected prior to completion of the audit. The County Commissioner of Revenue should take necessary action to insure these reports are submitted timely to the state so that payments are received timely by the County.

Bank Reconciliations

Our Management Letter dated December 13, 2018 for the Fiscal Year 2018 audit included the following comment:

“During the course of the audit, we discovered numerous instances where monthly bank reconciliations for the County’s deposit accounts were not reconciled timely by the County Treasurer’s office. This caused reconciling items not to be resolved timely, which caused the County’s general ledger not to be corrected timely. Also, there was no indication on the bank reconciliations that the County Treasurer had reviewed and approved the reconciliations. The County Treasurer or his staff should prepare monthly bank reconciliations for all deposit accounts upon receipt of the bank statement, in order to avoid unrecorded transactions in the general ledger. The monthly bank reconciliations should always be completed with reconciling items resolved prior to receiving the next month’s bank statement. Furthermore, the preparer of the reconciliation should sign and date the reconciliation upon completion. Furthermore, the County Treasurer should review all monthly bank reconciliations for their accuracy and to insure all reconciling items have been appropriately resolved. The County Treasurer should sign and date all reconciliations as an indication he has performed this task.”

Our audit procedures for the Fiscal Year 2022 also discovered numerous instances where monthly bank reconciliations for the County’s deposit accounts were not reconciled timely by the County’s Treasurer’s office. In addition many reconciling items are not being resolved timely, if at all. More concerning was many of the bank account reconciliations that were prepared did not actually balance or reconcile yet the County Treasurer initialed the reconciliations as being complete and accurate. This indicates a control procedure that is failing to function as intended. The County Treasurer should do what is necessary to follow our recommendations in our December 13, 2018 Management Letter.