



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: August 31, 2026

MEMORANDUM TO: Clint Carter, County Administrator
County of Lee, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: June 30, 2025 Audit

In planning and performing our audit of the County of Lee, Virginia, for the year ended June 30, 2025, we considered the County of Lee, Virginia'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. **These comments below should be read in conjunction with the schedule of findings and questioned costs included in the audited financial statements.**

County:

Budget

During our review of the budget, we noted the Children Services Act (CSA) department did not have sufficient appropriations for expenditures. We recommend implementing a process to monitor appropriations and request additional appropriations as they are anticipated and prior to the expenditure.

Written Policies and Procedures

We recommend the County develop and/or update its financial policies including procurement, small purchasing, fund balance reserve, and other Uniform Guidance requirements.

State and Local Statements of Economic Interest

During our review, we noted several incomplete forms. We recommend implementing a review process to ensure that the forms are completed thoroughly.

Sheriff:

Domestic Violence Account

During our review of the Domestic Violence Account held by the Sheriff's office we noted that the funds were donated and should be turned over to the Treasurer's office to process through the County's funds.

Shop with a Cop Account

During our review of the Shop with a Cop Account held by the Sheriff's office we noted that the funds were donated and should be turned over to the Treasurer's office to process through the County's funds.

Crime Prevention Account

During our review of the Crime Prevention Account, we noted that the reconciled account balance as of June 30, 2025, was overdrawn due to significant outstanding checks. We recommend monitoring the account to ensure sufficient funds prior to issuing checks.

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Sheriff: (continued)

Virginia Security for Public Deposits Compliance

During our audit of the Sheriff and Domestic Violence bank accounts, we noted they were held as public deposits as required but the staff had not verified the balances reported, as required. Each quarter the balance needs to be verified by logging into the Virginia Treasury website. This June 30th verification should be provided for audit documentation.

School Board:

Written Policies and Procedures

We recommend the School Board develop and/or update its financial policies to include the necessary requirements of Uniform Guidance.

Procurement

During our audit, we noted that the School Board did not properly procure paving projects. During fiscal year 2025, the School Board paid the vendor \$657,077 for paving projects at several schools with the largest being Lee High School. This vendor was selected using a quote process, but the procurement should have been conducted with a RFP process and formal bidding.

School Funds Budgeting

During our audit, we noted that the budget posted to the RDA accounting system did not agree to the Board of Supervisors approved original budget with approved supplemental appropriations. We recommend the School Board ensure that the original Board of Supervisors appropriated budget is posted to the RDA accounting system and any Board of Supervisors approved changes are noted in the system's final budget.

Title I Grant Reimbursement - Timeliness

During our audit of the Title I, we found that reimbursement requests were not filed timely. We recommend reimbursement requests be filed the month after the expenditures are incurred and at a minimum filed each quarter.

Federal Grant Reconciliation

During our audit of multiple federal programs, we noted the School Board was not able to reconcile the reimbursement requests against a project code in the accounting system. Ideally, the revenue for most federal programs should agree to the expenditures within that project code to ensure expenses are claimed in total and not duplicated.

Headstart Cash Balances

During our audit, we noted the Headstart finished the year with a negative pooled cash balance. We recommend the Headstart agency monitor revenues and expenditures to ensure it has sufficient funds.

Transfers Between RDA Funds

During our audit, we noted the School Board was posting transfers between funds as debt service expenditures. We recommend using a transfer code and ensuring the transfers in the revenues agreed to the transfers in the expenditures.

Annual School Report (ASR) Compliance

We noted variances on both the revenues and expenditures in comparison of the RDA accounting software and the VDOE ASR. We recommend that the School Board maintain a reconciliation of the amounts submitted in the ASR against the amounts contained in the RDA accounting software.

Social Services:

Monthly Reconciliations and Laser Submissions

As noted in our finding reported in the Schedule of Findings and Questioned Costs, we noted that a large portion of the June 2025 payroll was reported in Thomas Brothers and LASER in July 2025. Expenditures should be reported based on the date they are paid in those systems. This error delayed reimbursement of those funds to the County and caused errors in the allocated state/federal funds.

Special Welfare

During our audit of special welfare, we noted that the DSS Thomas Brother's ledger did not agree to the Treasurer's bank reconciliation by \$34,838. We recommend DSS reconcile this account with the Treasurer's office monthly.

In addition, we noted several untimely reimbursements to the Treasurer. We recommend DSS reimburse the Treasurer monthly for eligible expenditures. Further, we recommend DSS implement a reconciliation process to ensure the reimbursements are reported as refunds in CSA.

Finally, it is noted that the Special Welfare fund includes many funds that are not children accounts. These funds maybe local donations or VDSS overissuance payments. These overissuance payments should be returned to the Virginia Department of Social Services in a timely manner. The local donation funds could be subject to appropriation requirements.

IRS Quarterly 941 Payroll Tax Forms

During our audit of payroll, we attempted to reconcile the payroll expenditures to amounts reported to the IRS. During our reconciliation, we noted that line 5a related to FICA wages and line 5c related to Medicare wages did not appear to be accurate on the IRS quarterly tax forms. We recommend the forms be prepared timely and accurately with a sufficient review process to ensure their accuracy.

Credit Card Purchases

During our review of credit card purchases, we noted a significant amount of documentation was not provided for audit. We recommend the DSS implement a process to have an independent review of the monthly statement and document that review. In addition, the review should ensure that each charge on the statement is supported by a detailed receipt regardless of whether the purchase is for public assistance, purchases of services, or administration.

Meals and Travel Expense Documentation

During our audit, we noted that the documentation for meals and travel did not include the business purpose of the travel. We recommend all meals and travel documentation include the business purpose of the expenses for IRS compliance.

Insurance Allocation

During our audit, we noted check number 26294 payable to VRSA was posted to Other Property Insurance but should properly be allocated amongst the existing expenditure codes for property, vehicle, general, and workers compensation insurance.

Payroll - Salary Increases

During our audit, we were unable to locate approved documents supporting individual raise percentages or amounts. We recommend each employee's personnel file includes an annually approved salary with approval signatures for documentation purposes.