



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: January 22, 2024

Memorandum to: Sandy Bryant, Chief Executive Officer
Mount Rogers Community Services

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Mount Rogers Community Services for the year ended June 30, 2023, we considered the Board'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.

VRS Compliance Testing

During review, we noted that one employee was included on the GASB 68 report from VNAV as having been terminated, but he was not included on the monthly snapshots or payroll reports. Upon inquiry, the employee was actually terminated during the prior year, but continued to be included in the monthly upload reports. While no payroll amounts were withheld or submitted for the employee, care should be taken to ensure that upload reports are accurate so that years of service along with payroll withholding and employer amounts are accurately reflected in VNAV. It is our understanding that VRS retroactively updated the termination date to ensure years of service are appropriate.

We were unable to confirm the prior salary and end date of same in VNAV for one employee. It appears that multiple upload files were submitted at one time and the system was overloaded as a result and some of the history was deleted. Additionally, it appears that the type of change that was being made would have needed to be keyed in VNAV rather than updated through an upload file. We recommend that care be taken to ensure that changes to VNAV are input correctly and uploads are made individually to ensure accurate records are maintained.

For three employees out of 25 selected for testing, it appears that GLI employer contributions are calculating off of a previous salary rather than the updated salary. While the appropriate amount was paid to VNAV, we recommend that management review and update the calculated amounts to ensure that payroll reports and paystubs reflect the appropriate employer contribution amount.

Capitalization Thresholds

We recommend that a formal capitalization policy be established to include right-to-use lease and intangible assets with thresholds by types of assets to assist in evaluating leased assets and SBITA's for inclusion in the financial statements with the implementation of GASBs No. 87 and GASBs No. 96.

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Written Uniform Guidance Policies

The Uniform Guidance requires that the entity have certain written policies to ensure compliance related to federal programs. While some of the entity's policies cover the written policy requirement, we were unable to confirm that all of the necessary written policies are in place. We recommend that management review the required written policies, adopt written policies/procedures as needed, and provide same for audit purposes.

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