



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: October 9, 2025

MEMORANDUM TO: Rob Wright, County Administrator
County of Lee, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: June 30, 2024 Audit

In planning and performing our audit of the County of Lee, Virginia, for the year ended June 30, 2024, 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

The County has consistently approved a budget that needed the use of significant fund balance to balance. We recommend the County adjust the annual budget as necessary to ensure the revenues agree to the approved expenditures without the use of fund balance.

In addition, we noted the Children Services Act (CSA) department did not have sufficient appropriations for expenditures.

Opioid Funding

During the audit, we noted that the County received Opioid funding that was not segregated in a separate fund. We recommend the funding be segregated to ensure proper use of the funds as required by the Auditor of Public Accounts of the Commonwealth of Virginia.

Written Policies and Procedures

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

Treasurer:

Cash Ledger Reconciliations

During our audit of cash, we noted that the Treasurer's Accountability fund balances do not agree to the balance sheets of the other funds. We recommend the Treasurer's office and the County work together to ensure that all funds balance themselves and agree to the Treasurer's Accountability fund.

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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.

School Board:

Written Policies and Procedures

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

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.

COVID-19 Education Stabilization Fund - Timeliness

During our audit of the COVID-19 Education Stabilization Fund, 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.

Social Services:

Administrative Expenses

During our audit of administrative expenses, we found a client expense that the Agency advanced out of administrative expenses with the plans to refund the administrative expenses when the client expense was funded through the appropriate grant program. Upon review, the Agency forgot to reimburse the administrative expenses resulting in an immaterial unallowable expense. Administrative expenses are funded with a combination of funding sources including federal funds and should not be used to front client related expenses.

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 \$59,415. 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.

VIEW Program Expenditures

During our compliance audit of the VIEW program, we found several expenditures that were supported by VIEW Participants Activity and Service Plans that were not completed in detail to support the corresponding expenses. We recommend the forms be completed with proper detail of the allowable expenses.

Social Services: (Continued)

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.