

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: December 28, 2018

Memorandum to: Bill Shepley, 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, 2018, 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:

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. We recommend all forms be completed as required in a timely manner. The next submission of forms for calendar year 2018 are due by February 1, 2019.

Journal Entries:

The County is currently not capable of creating a report that shows journal entries in the accounting system. We recommend the County work with the software vendor to create a report that shows the entry, the reason for the entry, the date of the entry, and who performed the entry. We should be able to select entries from this report and trace same to the supporting documentation.

Personal Property Tax Relief Act (PPTRA):

The Act requires the County to provide a discount to taxpayers based on calculations that total the amount received from the State. The County received \$437,787 from the State but applied a discount of \$519,135 to the 2017 tax levy. Essentially, the County locally provided an additional discount in the amount of \$81,348 to taxpayers which should be approved by the Board.

BLACKSBURG OFFICE
STREET ADDRESS:
108 SOUTH PARK DRIVE
BLACKSBURG, VIRGINIA 24060

SCOTT WICKHAM, CPA, CFE

TELEPHONE: (540) 552-7322
FAX: (540) 552-0338

E-MAIL: swickham@rfca.com
INTERNET: www.rfca.com



County: (Continued)

Other Tax Issues:

During the audit of taxes, we noted the personal property tax bills are tracked as invoices in the software and not handled in the same manner as real estate taxes. We recommend the County work with the software vendor to move the personal property taxes to the real estate type module for improved reporting. In addition, the tax system has both penalty and interest recorded as penalties. We recommend they change the wording to separate penalty and interest.

During the audit, we noted County staff is not printing a detailed delinquent tax listing for either real estate or personal property. We recommend the County print these and review same for accuracy annually at year end.

VRS:

During the audit of VRS we found the payments to VRS did not agree to the VRS system. This is likely due to salaries for select DSS employees not agreeing in the VRS system to their actual payroll. We recommend salaries in the VRS system be reviewed for accuracy along with the payment to VRS.

Housing Project Invoice Documentation:

During the audit we noted that multiple invoices as part of the Eagle Bottom and Troutdale housing projects had insufficient documentation. We recommend the invoices show on which house the work was performed, a description of the work performed, and when the work was completed.

Budget/Appropriations:

During our review of the expenditures against appropriations we noted nondepartmental, Social Services, and the contribution to School Board expenditures exceeded the posted appropriations. We recommend the County review and ensure appropriations cover annual expenditures.

School Board:

IRS Payments:

During our review and reconciliation of payroll we noted the School Board received notice from the Internal Revenue Service (IRS) that they were delinquent on their payroll taxes. Per further review, the School Board made the proper payments but failed to file the proper forms. Therefore, the payments were returned to the School Board and deposited. As a result, the IRS charged penalties and interest of \$44,341. We recommend the School Board implement a process to ensure payments and forms are filed properly in a timely manner to avoid such unnecessary fees in the future. Subsequently, the School Board was able to obtain a refund of penalties from the IRS of \$15,509 during fiscal year 2019.

Federal Reimbursement Requests:

During our single audits of Title I and Special Education, we found that some reimbursement request were for expenditures more than one quarter old. For example, one reimbursement request for Title I dated 2/27/2018 included expenditures from 7/1/2017 - 2/15/2018. We recommend reimbursement requests be filed monthly but at minimum filed quarterly.

Social Services:

Special Welfare:

During our audit of the Special Welfare bank account, we noted that the balance per bank exceeds the Thomas Brothers ledger by \$1,589. We recommend the Thomas Brothers ledger be reconciled to the bank reconciliation monthly. In addition, we noted one client in which the Treasurer was not being reimbursed for eligible expenditures in a timely manner. We recommend monthly reimbursements.

VIEW Expenditures:

During our testing of VIEW expenditures we were unable to find the corresponding Activity and Service plan for 3 of 5 expenditures tested. We recommend all expenditures have the proper supporting documentation.

Procurement:

During our review of procurement, we noted that a purchase of a vehicle in January 2018 in the amount of \$17,261 was not supported by quotes or a State contract. We recommend significant purchases be supported with quotes/bids to document the Agency obtained the best possible price.

Local Security Officers:

During our review of security requirements we found the Agency did not have annual security training during 2018. We recommend the Agency comply with required training.

Computer Access Forms:

During our review of computer access forms we were unable to obtain new forms for one new hire and documentation supporting annual review and approval of three current employees. We recommend the Agency follow VDSS requirements regarding computer access forms.