



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: June 10, 2026

Memorandum to: Lonzo Lester, County Administrator

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the County of Russell, Virginia for the year ended June 30, 2025, we considered the County's internal structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving 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:

Statements of Economic Interest:

During our review of statements of economic interest, we noted several instances of forms not being completed entirely. We recommend that the County review these statements as they are received to determine if they have been completed properly. Improperly completed forms should be returned to the individual for completion.

Opioid Reporting:

During our review of Opioid Settlement expenditures, we noted that expenses posted in the County's general ledger for the program did not agree with expenditures reported to the State in the annual reporting process. In addition, the County used sub-recipients (other organizations) to carry out functions of the program. We strongly recommend that the County develop a detailed spreadsheet that reconciles expenditures reported to the State to actual expenditures of the County and subrecipients. We further recommend that the County obtain documentation from subrecipients to support their reported expenditures (i.e. invoices, payroll reports, etc...) and maintain same in an electronic format for annual review.

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Retirement Contributions:

We compared payroll reports to contribution confirmations from Mission Square for the County's 401a and 457 deferred compensation plans (a component of the Virginia Retirement System Plan) and noted a variance between what was reported in the payroll system and the confirmations for two of the three months selected for testing. We recommend that the County prepare a reconciliation of the payroll system to the Mission Square contributions for the plan on a quarterly basis to ensure contributions are correct.

School Board:

Credit Card Documentation:

We were unable to locate sufficient, detailed receipts for purchases totaling \$1,690.96 on the School Board's credit card during testing over 3 months of purchases. Total purchases during the timeframe tested were \$6,298.30. We recommend that management reconcile credit card statements to supporting documentation to ensure that adequate documentation exists for all purchases and consider a policy to establish appropriate sanctions if detailed receipts are not remitted by the credit card user(s).

Prepaid Expenses and Contract Documentation:

During our review of bank statements, we noted that a check issued by the School Board for construction costs in June of 2024 (\$500,000) did not clear the bank until October of 2024. We also noted that the signed contract for the project was dated August 2, 2024. School Board officials indicated that the original contract was signed by the School Board in June of 2024 and provided to the Contractor for signature; however, it was not returned by the Contractor. School Board Officials indicated that the Contractor could not locate the original contract and a second contract was prepared when this was discovered. School Board Officials also indicated that the check was held due to a delay in materials being delivered. The auditor notes two issues with this transaction:

1. The check was issued before a signed contract was in place.
2. The *Code of Virginia, 1950 as amended* references in Section 22.1-122 and states in Section 15.2-1244 that no warrant (check) should be issued for any purpose other than the payment of a claim received, audited and approved.

In the future, we recommend that the School Board refrain from issuing checks until signed contracts are in place. In addition, we recommend that the School Board refrain from issuing checks until goods have been received (in this case materials for the project).