



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: November 26, 2024

MEMORANDUM TO: Colonial Behavioral Health

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY 23-24 Audit

In planning and performing our audit of the financial statements of Colonial Behavioral Health for the year ended June 30, 2024, we considered the Authority's internal control 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 the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 26, 2024, on the financial statements of Colonial Behavioral Health. 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, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Bank Accounts

Colonial Behavioral Health (CBH) did not comply with the established financial policies and procedures in place related to depositing grant funds. As specified in [Code of Virginia § 37.2-504 \(17\)](#), a community services board (CSB) is permitted to act as its own fiscal agent, when authorized to do so by the governing body of each city or county that established it. However, most CSBs across the commonwealth use a fiscal agent established by the participating jurisdictions. The County of York, Virginia has been designated as the fiscal agent for CBH. As such, all funds are deposited with, and all disbursements are processed by the County Treasurer and CBH is not authorized to have its own bank accounts, or directly receive funding. However, in fiscal year 2024, Colonial Behavioral Health opened a new bank account and received grant funding without the authority or knowledge of the County of York, Virginia. We recommend that the grant funds be transferred to an account maintained by the York County Treasurer and the newly established bank account be closed upon doing so.

The Commonwealth of Virginia's Security for Public Deposits Act (SPDA) regulations require Virginia public depositors to designate their funds as public funds and to perform quarterly verification procedures related to the public funds. The newly established bank account was not reported as a public deposit by CBH. We recommend that all bank accounts held by CBH be reported as public deposits as required by the Code of Virginia.

Management's Response: The funds have been transferred to an account with County of York, Virginia, and the CBH account has been closed.