



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: August 19, 2022

MEMORANDUM TO: Dane Poe, Administrator
County of Lee, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: June 30, 2021 Audit

In planning and performing our audit of the County of Lee, Virginia, for the year ended June 30, 2021, 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. 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.

County:

Budget

The County has consistently approved a budget that needed the use of 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 several funds/departments that did not have sufficient appropriations for expenditures.

- The General Fund department 91500 General Expenses spent \$49,664 without any appropriations.
- The Airport Capital Project Fund (Fund 51) spent \$77,337 without any appropriations.
- The Economic Development Fund (Fund 61) spent \$33,500 without any appropriations.

Fire Programs ATL Funding:

The Fire Program requirements include submission of an annual report of activity. During our review of that annual report, we were unable to reconcile the amounts reported to actual activity in the accounting ledger and unable to obtain all documentation for the expenditures claimed on the report.

Credit Card Purchases

During our audit of credit card payments, we found the County was missing several detailed receipts for purchases. We recommend all purchase be supported by a detailed receipt and those documents be maintained with the statement for audit purposes.

Procurement

During our testing of procurement, we noted the County purchased ambulances, using COVID-19 Coronavirus Relief Funds, for several volunteer agencies. We found that the County did not bid this purchase or use state contract but only obtained quotes. We recommend the County obtain bids for purchases of this threshold as required by the Code of Virginia.

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County: (continued)

Conflict of Interest Forms

During our review of the conflict-of-interest forms, we found that several were not completed. We recommend the forms be completed thoroughly and submitted by the annual deadline as required.

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.

Federally Purchased Vehicles/Equipment

During our testing of the COVID-19 Coronavirus Relief Funds, we found that the County purchased vehicles that were given to volunteer agencies. We recommend documenting this transaction with a formalized agreement that ensure the volunteer agency is aware that it can not sell those items without returning the proceeds to the federal government per Uniform Guidance requirements.

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.

During the audit, we also noted a cash withdrawal of \$350 that did not have sufficient documentation.

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:

Policies

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

Early Retirement Incentive Plan (ERIP)

Due to the changes in various benefit laws and IRS regulations, we recommend the School Board engage a benefit specialist/attorney to review the benefits or, at a minimum, the ERIP plans to ensure compliance with IRS laws such as Revenue Ruling 75-539.

Virginia Retirement System (VRS)

During our audit of VRS, we found that three of the three monthly snapshots tested did not properly reconcile to the payroll registers. We recommend the School Board reconcile the payroll registers monthly to amounts reported in VNAV. Further, we recommend the School Board reconcile the amount reported and paid to ICMA against the amount reported in VNAV and payroll registers.

VDOE Annual School Report

The Annual School Report is due on September 15th each year with an available 15-day extension, but the School Board did not submit the report until December 3, 2021. We recommend the report be submitted prior to the deadline.

Procurement

During our audit of procurement related to the purchase of school security systems, we noted that the School Board only obtain phone quotes for a purchase in excess of \$300,000. The School Board noted that they were limited on time to meet grant funding requirements; however, we recommend following policy and the Code of Virginia and properly bidding such purchases.

School Board: (continued)

Expenditure Documentation

The School Board made significant purchases from Boiler Supply for water boiler improvements. During our review, we noted that the documentation on hand was insufficient. We recommend that construction payments include documentation of work in progress and percentage of completion with line items to be completed. Further, we were unable to determine exactly when the work was completed.

Conflict of Interest Forms

During our review of the conflict-of-interest forms, we found that one was not completed entirely. We recommend the forms be completed thoroughly and submitted by the annual deadline as required.

School Funds Budgeting

During our audit of the self-health insurance fund, we noted that the budget did not balance. We recommend that each fund's budget within itself to ensure proper budget integrity.

School Nutrition

During our review of cash, we noted that the Cafeteria Fund has a cash balance in excess of \$750,000. Federal guidelines limit cash reserves to three months of operating expenditures which would be estimated at \$560,000. We recommend cash levels and budgets be reviewed to ensure compliance with reserve limitations.

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.

COVID-19 Education Stabilization Fund - Payroll Reimbursements

During our audit of the COVID-19 Education Stabilization Fund, we found that the School Board requested payroll for numerous people over multiple periods of time. We recommend the School Board implement a summary process to simplify the process of reviewing expenditures claimed and ensuring duplicate individuals expenditures are not recorded twice.

Social Services:

LASER Reconciliation

During our reconciliation of warrant registers to LASER submissions, we found a variance each month that was not properly documented. Although the net variance for fiscal year 2021 was roughly \$6,000 we recommend the Agency put a procedure in place to reconcile each month's request to actual expenditures to ensure proper reimbursement.

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 \$39,477. 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.

Credit Card Purchases

During our audit of credit card payments, we found DSS was consistently paying a finance charge and carrying a previous balance forward. In addition, we noted several statements that included meal purchases that were not supported by detailed receipts and the business reason for the purchase. We recommend that all credit card purchases be supported by a detailed receipt, noting the business purpose of the purchase, and the entire statement be paid completely and timely to avoid unnecessary charges.

Social Services: (continued)

CSA

During our reconciliation of CSA reimbursement requests, we noted that the November 2020 - April 2021 reimbursement requests were not filed until June 2021. We recommend that reimbursement requests be filed monthly.