Memorandum To:	Board of Supervisors and Management County of Brunswick, Virginia	**Date:**	February 14, 2020
From:	Robinson, Farmer, Cox Associates		
Regarding:	Audit for fiscal year ended June 30, 2019		

In planning and performing our audit of the financial statements of County of Brunswick, Virginia as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

We have already discussed (and have previously communicated through the prior year management letter) many of these comments and recommendations with appropriate members of management. 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.

Year-End Close and Account Reconciliations (County Finance and Treasurer) – Repeat Comment

Other departments rely on general ledger reports to file financial and performance reports with state and other funding agencies. Audit adjustments were made to correct beginning fund balance and balance pooled cash with bank balances. However, there has been improvement in the accrual postings and the number and significance of audit adjustments in fiscal year 2019 was not as extensive as previous years.

We recommend the Treasurer and County Finance Director continue to work together to ensure all financial data is entered and reconciled in a timely manner. Monthly duties include reconciliations and distribution of financial information to the necessary departments in order to complete appropriate filings. Monitoring includes identification and resolution of discrepancies between the Treasurer's records and individual department records on a monthly basis. The reconciliation procedures in place should include a review of pooled cash balances against the bank balances and a review of negative cash balances in each fund to determine if interfund transfers should be recorded. The timely processing of transactions and routine monitoring of system reports and financial data will assist in completing the year-end close more timely. Prior year closing entries and the reversal of those entries must be made in a timely manner with reconciliation of balances performed to ensure pooled cash reconciles to the treasurer's accountability fund, etc. We recommend the Treasurer continue to seek additional training in this area. If deemed necessary, the County should consider using an outside consultant to assist with audit preparation.

Payroll (County Finance) – Repeat Comment

Upon review of myVRS Navigator system access, the former School Board Finance Director was still listed with active access. However, the role was limited with the individual being reported as a VRS contact with no other assigned roles. We recommend management remove terminated employees from the system in a timely manner.

Bank Accounts and Other Correspondence (Treasurer) – Repeat Comment

Some financial institutions (First Citizens Bank and the Bank of America QZAB accounts) still address statements and correspondence in the name of the former Treasurer. We recommend the Treasurer contact the bank and update all contact information to reflect her name instead of the predecessor.

Tax Accrual (Treasurer)

The Treasurer recorded the taxes receivable entry on the general ledger prior to audit fieldwork. Each year, the proposed audit adjustment related to this journal entry has diminished. In the current year, the 60-day accrual calculation included June through August 2019 collections. This entry is recorded to reflect revenue received in the months of July and August. The June collections are already reflected in revenue and should not be included in the 60-day accrual adjustment. We recommend the Treasurer continue to review and consider prior year audit adjustments when recording the annual tax accruals.

Accrued Leave Schedule (County Finance)

Excel schedules are susceptible to clerical errors and require a significant amount of manual work. The accrued leave schedule presented for audit included the wrong pay rate for three out of fifteen employees selected for testing. In addition, one employee from the Department of Social Services listing was excluded from the consolidated leave schedule. Formulas were missing for three SRO employees included on the schedule, which resulted in no leave balances being calculated for those employees. Subtotals on the County tab did not include all employees listed in the Administration category. And, one Brunswick EMS employee terminated on 10/31/18 was still listed on the schedule with a leave hours balance but no hourly rate. We recommend management consider exploring the use of the general ledger for tracking accrued leave. If this is not possible, the excel schedule(s) should be reviewed for completeness and accuracy prior to completion.

Procurement Summary Form (County Finance)

The purchasing policy requires completion of the procurement summary form for all goods and services equal to or greater than $1,000, but no greater than $50,000. This form was not completed as required for eight out of sixty transactions selected for testing. We recommend this form be completed and filed with invoices, as specified.

Capital Asset and Depreciation Schedules (County Finance and School Board)

The capital asset and depreciation schedules were missing capital assets that were purchased during the year. Vehicle listings for insurance purposes should be reviewed and matched to the capital asset schedule to ensure that all items are accounted for. Additional identifying information, such as vehicle identification numbers (vin), year, color, or model should be added to the schedules, where available. Capital project activity should be summarized and included and donated or transferred assets should be researched and valued accordingly. The schedules should be updated on an ongoing basis and reviewed for completeness and accuracy prior to audit fieldwork. A detailed review of capital outlay and other purchases should be made each year to ensure all items meeting the capitalization criteria are captured on the depreciation schedule. We recommend management obtain training in this area and consider whether an outside consultant should be used to assist with audit preparation.

Journal Entries and Voided Transactions (County Finance and School Board)

When comparing FY19 revenues to expenditures for Title VI-B activity, a discrepancy of $43.21 was discovered. The variance was caused by a journal entry that should have been recorded to move the funds from the grant to the School Board. The journal entry was subsequently corrected after investigating the variance. Additionally, a voided check for Anthem was subtracted in July 2018 in the amount of $625 and no new check was issued as a replacement. We recommend County and School Finance implement procedures to ensure voided transactions and journal entries are communicated and recorded, as expected. Federal grants handled on a reimbursement basis should tie back to expenditure totals in the general ledger and these transactions must be accounted for to properly reflect them on financial reports.

Cash Receipts (School Board) – Repeat Comment

Cash receipts selected for testing were held between 0 and 10 days before being remitted to the County. Items selected for testing in fiscal years 2014, 2015, 2016, 2017, and 2018 were held from 0 to 49 days, 0 to 17 days, 1 to 29 days, 0 and 28 days, and 0 and 12 respectively. Of the 25 items selected for testing in FY19, 19 were held for zero to seven days and 3 were held for eight to ten days. This was an improvement over the previous five years; however, three items included no date indicating when funds were received. For these items, deposits were made within one week of the check date. For cafeteria receipts, 2 of 25 items tested were deposited ten days after collection. In order to safeguard funds, we recommend a policy be established regarding the remittance of cash receipts to the Treasurer. The policy should include a threshold and frequency requirement so that funds are remitted in a timely manner in order to be deposited in the bank. In addition, the stamp used to document receipt dates should be used in each instance that funds are collected. This provides a trail of activity and allows an analysis of the timely remittance of funds to the bank/Treasurer.

School Nutrition Program (School Board)

The monthly SL-12's do not have an approval signature nor is there other documented review and approval of these forms. Inquiries revealed that schools do not print the forms due to network issues, instead they complete the forms and the Supervisor of Nutritional Services prints them in her office. The form is reviewed when printed by comparing it to the edit sheets and inputting the information into the system for reimbursement. Her processing of the request is her form of approval. However, Totaro Elementary School showed more meals served than they had students in attendance on various days tested during the audit. The program specifies that only one meal is to be served to eligible students and free meals are not to be served to adults. Inquiries of management revealed that computer issues were the reason for the reports showing meals served in excess of students eligible and in attendance at school. We recommend issues that do not allow proper reporting of attendance and meals served be addressed. In addition, formal review procedures should be implemented to include a review of meals claimed versus eligible program participants and attendance records.

Supporting Documentation (Social Services)

Check number 6064688, dated 2/14/19, included payment for postage in the amount of $7.20. This transaction was recorded as $7.25 in the general ledger; however, the supporting documentation was not available for review. We recommend that supporting documentation be maintained to support purchases made. In the rare instance that documentation is lost or misplaced, we recommend a statement explaining the purchase.

Segregation of Duties – Repeat Comment

Vendor master files are established and maintained by the Financial Services Manager, who is responsible for processing invoices for payment and printing and distributing checks. To mitigate this risk, she distributes check registers to individual departments for review before processing and obtains the Treasurer's signature and Board review of check registers before checks are distributed. In addition, the Finance Director and Treasurer review the general ledger in detail on a monthly basis. The Treasurer's office also has limited staff who are sometimes responsible for the functions of collecting, recording, and reconciling items.

It is common to find the existence of a lack of segregation of duties in a locality of this size. As this situation is impossible to avoid, we recommend that the department heads continue to cross-train employees and periodically rotate duties in an effort to strengthen internal controls.