



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: March 24, 2025

Memorandum to: Sandy Bryant, Chief Executive Officer
Mount Rogers Community Services

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Mount Rogers Community Services for the year ended June 30, 2024, we considered the Board'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.

Written Uniform Guidance Policies

The Uniform Guidance requires that the entity have certain written policies to ensure compliance related to federal programs. While some of the entity's policies cover the written policy requirement, we were unable to confirm that all of the necessary written policies are in place. We recommend that management review the required written policies, adopt written policies/procedures as needed, and provide same for audit purposes.

Single Audit Testing

Over the course of single audit testing, we noted that a detailed list of expenditures is not kept readily available, nor is it easily generated from the system as RU Codes are often split between programs. Rather, it was necessary to schedule the individual details and reimbursement requests and reconcile in total to the client provided schedule of expenditures of federal awards (SEFA). We recommend that either the process be modified so that RU Codes are for specific grants, or a listing of some kind be kept as reimbursement requests are filed so that information is readily available for audit purposes.

During review of single audits and indirect cost rates, we noted that the indirect cost rate for 93.696 and 93.959 was not consistently applied. In some instances, the rate appears to be applied to total program expenses for the period while in others, some of the direct charges were excluded prior to applying the indirect rate. Though nothing appears to be over requested, we recommend that the indirect cost rate would be consistently applied for all requests.

During payroll testing we noted the process of allocating out payroll was not consistent between grants. We recommend that to the greatest extent possible, the allocation process be simplified and consistently applied across all grants. Alternatively, we recommend that a payroll report be generated for each payroll with an allocation to each program code noted on same so that totals can be more easily followed and tracked to ensure that no amounts are inadvertently duplicated.

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SPDA Confirmations

Effective July 1, 2023, an amended version of the Security for Public Deposits (SPDA) regulations became effective wherein bank account balances held by the Authority must be confirmed quarterly with the State Department of Treasury. We noted that one bank account holding \$1,000 was not appropriately classified as an account holding public funds as of June 30, 2024. We also noted that one account that was classified as public deposit was excluded from the confirmation process during the year. Per inquiry of management, steps have been taken to update the status of the one account and to ensure that all accounts are included in the confirmation process going forward.

Procurement

During our procurement testing, we noted that an IT vendor was procured initially in 2023 using an emergency procurement process. However, in 2024 and 2025 that vendor's contract was extended and not properly re-bid in accordance with the Virginia Public Procurement Act. We recommend all purchases are made in accordance with the Virginia Public Procurement Act.