



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

DATE: February 6, 2024

MEMORANDUM TO: Jerri Botkin, Acting County Administrator
County of Highland, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY 23 Audit

In planning and performing our audit of the financial statements of the County of Highland, Virginia for the year ended June 30, 2023, we considered the County's internal controls to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal controls.

However, during our audit, we noted certain matters involving the internal controls and other operational matters that are presented for your consideration. This letter does not affect our report, dated February 6, 2024, on the financial statements of the County of Highland, Virginia. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls 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.

School Board – Statements of Economic Interest

During our audit, it was noted that one School Board member's statement of economic interest was incomplete when filed. The first page was completed with the member's personal information and signature, but the remaining pages were left blank. We recommend that all required questions be answered, and all necessary information be provided for each statement of economic interest.

Supporting Documentation for Disbursements

During our audit the County's credit cards purchases, we noted several transactions in the month tested that lacked supporting documentation for the purchase. Expanded testing of credit card purchases revealed numerous charges where the business purpose of the charge was not clearly documented, and numerous charges not supported by documentation. We determined that the credit card policy provided by Management had not been formally approved by the Board of Supervisors, and the policy in place was not adhered to. We recommend that the County consider formally adopting a credit card policy that includes procedures for enforcement in cases where the policy has been violated. Employees should be educated on proper use, policies, and procedures for credit card purchases. Additionally, we recommend the County enhance monitoring of credit card purchases to ensure any unauthorized use of the County credit card is discovered and remedied in a timely fashion.

Additionally, we noted that 4 out of 31 Recreation Commission purchases tested could not be supported by sufficient documentation. To strengthen internal controls over disbursements, it is recommended that appropriate support be provided and maintained for all disbursements.

Governmental Accounting Standards Board Pronouncements

In order to assist your staff in preparing for upcoming accounting changes, we have included the following summaries of Governmental Accounting Standards Board (GASB) pronouncements that will affect the County in upcoming years.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023.