

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: October 13, 2017

Memorandum To: Gloucester County Board of Supervisors

From: Robinson, Farmer, Cox Associates

Regarding: Audit for fiscal year ended June 30, 2017

In planning and performing our audit of the financial statements of the County of Gloucester, Virginia for the year ended June 30, 2017, we considered the County'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.

During our audit fieldwork, we noted certain matters involving the internal control structure and other operational matters that are presented herewith 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 operational efficiencies, and to note certain matters for which corrective actions may be taken prior to year-end. 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.

Fixed asset accounting

During our audit of the general government and utility fund capital assets, we noted differences between the capital asset details maintained in the Fixed Asset module of the County's accounting system (Pentamation) and amounts reported in the County's financial statements. In prior years these differences have been reconciled and captured in detailed excel spreadsheets. We recommend that steps be taken to reconcile and update the capital asset details reported in Pentamation or the detailed excel spreadsheets to fully reconcile to amounts being reported in the financial statements for FY18.

Utilities Department

The County maintains an inventory of maintenance supplies in the Utility Fund. This inventory listing is summarized and the Utility Fund balance sheet is adjusted on an annual basis. Currently, the Utilities Director performs the inventory count which is not signed, dated or reviewed by another individual. RFC recommends that the inventory count be performed by someone other than the Utilities Director on a routine basis during the year. We further recommend that the Utilities Director review the prepared inventory listing, sign and forward to the Accounting Department for adjustment to the general ledger at year-end. In addition, consideration should be given to an automated system for reporting and recording maintenance supplies on a perpetual basis.

At the end of each month, the Utility Customer Specialist prints a report in Pentamation detailing the monthly adjustments to the billing system. This report is reviewed each month by the Utilities Director. RFC recommends that the Utilities Director document his review by initialing the printed report prior to filing to document his oversight, review and approval of the monthly adjustments to the utility billing system.