



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 22, 2024

Creedle, Jones & Associates, P.C.  
828 North Mecklenburg Avenue  
South Hill, VA 23970

We have reviewed the working papers for the audit of the County of Henry, Virginia, which includes the County of Henry School Board, and the audit of the Clerk of the Circuit Court for the County of Henry, for the year ended June 30, 2022. The purpose of our review was to determine whether:

- A. the audit complies with the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts;
- B. the audit complies with generally accepted auditing standards, as set forth by the American Institute of Certified Public Accountants, and Government Auditing Standards, issued by the Comptroller General of the United States;
- C. the audit complies with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- D. the annual financial report complies with generally accepted accounting principles for governmental entities;
- E. the auditor has performed the agreed upon procedures for the Comparative Report Transmittal Forms as set forth in the Uniform Financial Reporting Manual, issued by the Auditor of Public Accounts; and
- F. the audit of the Clerk complies with Chapter 6 – Audit of Circuit Court Clerks of the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts.

We conducted our review in accordance with the Fiscal Year 2022 Quality Control Review Program for Audits of Local Governments developed by the Auditor of Public Accounts. This review was limited to the audits of the County of Henry and the Clerk of the Circuit Court for the County of Henry and did not extend to other engagements performed by your firm.

During our review, we noted the following deficiencies that the firm should address to further enhance the quality and effectiveness of its local government audits.

**Improve Single Audit Risk Assessment and Major Program Determination Process**

**Comment** – The Code of Federal Regulations § 200.518 (Uniform Guidance) requires the auditor to apply a risk-based approach to the major program determination process and follow specific criteria in Uniform Guidance to identify which federal programs are required to be audited during the audit period. Based on this assessment, the auditor is required to audit all Type A programs that do not qualify as low risk. To qualify as low risk, the program must have been audited as a major program in at least one of the two most recent audit periods, and in the most recent audit period, the program must not have had any internal control or compliance deficiencies identified as a material weakness. Further, the federal Compliance Supplement provides guidance that when a new program is added to a cluster program, the auditor is required to consider additional criteria during the risk assessment and major program determination process.

We noted the auditor did not properly identify two federal programs as Type A programs for the fiscal year 2022 audit of the County of Henry (County). Specifically, the County's schedule of expenditures of federal awards listed expenditures for the Social Services Block Grant program as two separate lines under the County as the primary government as well as the Social Services component unit. Because the auditor did not sum both expenditure lines of the Social Services Block Grant, the auditor did not identify that both program lines in total exceeded the Type A program dollar threshold. Since the Social Services Block Grant program did not meet the two-year audit look back criterion, the auditor should have identified the program as a Type A program in the major program determination process. Additionally, the auditor did not properly identify the Child Nutrition Cluster based on the addition of a new program to the cluster during the fiscal year 2022. The auditor did not consider additional Uniform Guidance criteria during the risk assessment process to identify that because of the new program expenditures, the Child Nutrition Cluster could not be considered low risk and therefore qualified as a Type A program during the fiscal year 2022. As a result of the auditor's oversights during the risk assessment and major program determination process, the auditor missed auditing the Social Services Block Grant and the Child Nutrition Cluster as required major programs during the County's fiscal year 2022 single audit and therefore did not obtain sufficient appropriate audit evidence to support the audit opinion.

Further, as part of our review, we performed additional analysis using single audit data from the Federal Audit Clearinghouse and noted deficiencies with the auditor's major program determination process for prior year audits. During the County's fiscal year 2021 audit, federal award expenditures for the Supplemental Nutrition Assistance Program and the Medicaid program exceeded the Type A program dollar threshold. These programs were not audited as major programs during fiscal years 2020 or 2019; however, the auditor did not properly identify these programs as Type A programs during the major program determination process and therefore missed auditing these programs during the fiscal year 2021 audit. The auditor did subsequently identify the Supplemental Nutrition Assistance Program as a major program and audited as such during the fiscal year 2022 audit.

**Recommendation** – We recommend the firm exercise due professional care in complying with generally accepted auditing standards and Uniform Guidance federal requirements when planning and performing compliance audits. Further, we recommend the firm consider discussing this specific matter with its client, the County of Henry, to determine the implications of not auditing certain federal programs as major programs for the prior fiscal years and determine whether it is necessary to complete this audit testing and re-issue prior year single audit reports.

We found that for the audits of the County of Henry, Virginia, and the Clerk of the Circuit Court for the County of Henry, for the year ended June 30, 2022, except for the noted deficiencies related to the requirement listed in C above, the working papers appropriately supported the requirements listed in A through F above. Firms can receive a rating of pass, pass with deficiencies, or fail. Creedle, Jones & Associates, P.C. has received a review rating of pass with deficiencies.

This report is intended for the information and use of management. However, it is a public record, and its distribution is not limited.

Sincerely,

Staci A. Henshaw  
Auditor of Public Accounts

cc: County of Henry and County of Henry School Board  
County of Henry Clerk of the Circuit Court  
Virginia Board of Accountancy  
Virginia Society of Certified Public Accountants