

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: November 21, 2017

Memorandum To: Board of Supervisors
County of Culpeper, Virginia

From: Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2017

In planning and performing our audit of the financial statements of the County of Culpeper, 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.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 17, 2017, on the financial statements of the County of Culpeper, Virginia. 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, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Department of Human Services Payroll Control and Time Sheets

During the course of our audit, we noted there were numerous errors on the payroll control sheets and time sheets submitted by Human Services, in particular for Head Start, Early Head Start, and Daycare departments. Examples of errors included not correctly summarizing the time sheets on the payroll control sheets. There were instances in which overtime hours worked were recorded as regular hours on the payroll control sheets as well as instances in which overtime hours were included in both overtime and regular hours. There were also instances in which the daily hours recorded on individual time sheets did not foot to the amount recorded as total hours worked for the pay period. It was noted the County's payroll department caught these errors before the payroll was processed, so no instances of employees being paid incorrectly were noted. Errors in completing the payroll control sheets and time sheets could lead to employees being paid incorrectly which could lead to violations of the Fair Labor Standards Act. Also, since Head Start and Early Head Start are Federal grant funded, errors in payroll could lead to unallowed or questioned costs.

Further, it was noted that the Department of Human Services does not have a review process in place for preparing the payroll control sheets. The payroll control sheets have a place for the preparer to sign off as well as the person reviewing the control sheets. Currently, the preparer has not been signing off on the control sheet and the person who has signed off as reviewing, was not actually reviewing the control sheet. We recommend the person preparing the control sheet sign off as preparer and then a second designated person should carefully review the control sheet prepared and then sign off as reviewer once the review is complete. The payroll control sheets completed by Human Services should be free from any errors prior being sent to the County payroll department for processing. As noted above, it is imperative that time sheets and payroll control sheets are prepared accurately as errors could lead to violations of the Fair Labor Standards Act and Federal Award findings.

Repeat Comment: School Board Preparation of Capital Assets for Audit

Auditing Standard SAS 112 requires advanced preparation for an audit. All material adjustments to general ledger accounts should be made prior to the commencement of final fieldwork. The School Board's capital assets were not updated and the required journal entries were not posted to the general ledger prior to the commencement of final fieldwork. We recommend the school board put procedures in place to ensure that capital assets are updated and the general ledger is adjusted prior to the commencement of final fieldwork.