

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

**DATE:** February 19, 2019

**MEMORANDUM TO:** Craig Horn, Administrator  
County of Buchanan, Virginia

**FROM:** Robinson, Farmer, Cox Associates

**REGARDING:** Audit Comments

In planning and performing our audit fieldwork for the County of Buchanan, Virginia, for the year ended June 30, 2018, we considered the County of Buchanan, Virginia'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 work, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. 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. Please note: The audited financial statements contain findings in the schedule of findings and questioned costs and should be reviewed in conjunction with the comments below.

## *General County Comments:*

### **Solid Waste Revenue:**

To improve controls over billings and collections at the County's Transfer Station, we recommend that the County begin preparing a monthly reconciliation of billings to collections. This reconciliation should reconcile billings and changes in receivable balances to actual collections.

### **Virginia Retirement System (VRS) Contributions:**

Auditors are now required to review reconciliations of amounts reported to the Virginia Retirement System against payroll records of localities. The County currently does not perform a detailed reconciliation of the aforementioned items. We strongly recommend that the County begin reconciling gross wages reported in the various payroll systems to creditable compensation reported to the VRS for County, Public Service Authority, Social Services and Headstart employees. This reconciliation will ensure that the County is not overpaying or underpaying the VRS.

### **Duplicate W-2 Statement:**

In scanning W-2 statements for employees, we noted that one employee received two W-2 statements, but the social security numbers on the two statements did not agree (off by one digit). This appears to be a clerical error, but should be corrected as same will affect the employee's taxes and social security benefits. We recommend that the County review W-2s at the end of the each year against personnel records to avoid errors going forward.

### **Statement of Economic Interest Forms:**

During our review of economic interest forms for County Officials, we noted that in some cases the forms were not completely filed out. In the future, the forms should be completed.

### **Credit Card Receipts:**

During our review of credit card statements, we noted that a number of meal receipts were not turned in. It appears the majority of these meal receipts relate to the transport of prisoners; however, documentation is insufficient to verify same.

In the future, all receipts should be remitted and validated against the monthly credit card statements. In addition, the business purpose of meal purchases (i.e. transport prisoner, etc...) should be clearly noted on each receipt.

**Virginia Retirement System (VRS) Review:**

We issued a separate report on the County's compliance with VRS requirements. That report identified several areas for improvement and should be reviewed in conjunction with this memo.

**School System Comments:**

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**Federal Programs:**

We were unable to reconcile amounts requested for reimbursement under the Title 1 and Title VI-B Programs to expenditures as reported in the School Board's expenditure report for those program. It appears that some of these expenditures are being posted to other department/functions in the School Board's expenditure report. In the future, reimbursement request should be reconciled to the expenditure reports for the program.

**Statement of Economic Interest Forms:**

During our review of economic interest forms for School Board Officials, we noted that one Board Member completed the wrong forms (financial disclosure and schedule of real estate holdings instead of the economic interest statements) and two other Board Members did not answer all questions on the forms. In the future, the forms should be reviewed when submitted and returned to Board Members if they have not been completed correctly.

**Credit Card Receipts:**

We noted a few instances in which receipts were not turned in by employees to support purchases made on the School Board's credit card account. In the future, employees should remit all receipts in support of their purchases. Alternatively, the School Board could require employees to purchase items directly and then reimburse them when they remit documentation of the purchases.

**Virginia Retirement System (VRS) Reconciliation:**

Auditors are now required to review reconciliations of amounts reported to the Virginia Retirement System against payroll records of localities. The School Board's reconciliations of the aforementioned items are incomplete. We strongly recommend that the School Board begin reconciling gross wages reported in their payroll system to creditable compensation reported to the VRS. This reconciliation will ensure that the School Board is not overpaying or underpaying the VRS.

**Virginia Retirement System (VRS) Review:**

We issued a separate report on the School System's compliance with VRS requirements. That report identified several areas for improvement and should be reviewed in conjunction with this memo.

**School Food Program:**

During our review of the School Food Program, we noted the following items:

1. We identified clerical errors in determining eligibility. Specifically, we noted that 3 out of 25 students tested in the program, were incorrectly classified as eligible for paid, free or reduced lunch incorrectly. In the future, forms should be double checked against the eligibility criteria.
2. During our review of monthly SL-12 Forms, we noted that cafeteria managers were not signing the forms in all cases. These forms should be signed by cafeteria managers or the School Food Service Director.
3. The School Board uses a cafeteria point of sale system at each school that documents daily collections along with other activity. Currently, the School System does not have a process in place to compare daily collections to deposits by an independent person. To improve internal controls, we recommend that some independent of

the collection and deposit process begin comparing daily deposits to the point of sale system for each school on a monthly basis.

**Time and Effort Filings:**

The Title 1 and Special Education Programs have requirements that staff paid with funds from those programs complete time and effort certifications periodically. We noted that these certifications were not on file for several employees at the time of our fieldwork. In the future, we recommend that the School System require employees, paid with funds from these programs, to complete the required certifications.

**Social Services Comments:**

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**Sales Tax:**

We noted that sales tax was paid on several purchases throughout the year. As the Agency is exempt from sales tax on purchase, we encourage employees to refrain from the payment of same to the extent possible.

**Special Welfare Funds:**

The Department of Social Services maintains special welfare funds for clients of the Agency. In many cases, these funds may be used to reimburse the County for funds expended in social services programs. During our review of the special welfare account, we noted the reimbursements to the County are not always occurring in a timely manner. We recommend that reimbursements to the County occur within 30 days of the expenditure of funds to the extent funds are available.

**Comprehensive Services Act:**

During our testing of case files, we identified one daycare provided that was not licensed. Guidance provided by the State indicates that these providers should be licensed. We recommend that the Agency contact the State and document clarification or a waiver on this requirement going forward.