



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: September 15, 2020

MEMORANDUM TO: Rockbridge Area Community Services Board

FROM: Robinson, Farmer, Cox Associates

REGARDING: For FY 2020 Audit

In planning and performing our audit of the financial statements of the Rockbridge Area Community Services Board for the year ended June 30, 2020, we considered the Board's internal control over financial reporting to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

During our audit, we noted certain operational matters that are presented for your consideration. This letter does not affect our report dated September 2, 2020, on the financial statements of the Rockbridge Area Community Services Board. Our comments and recommendations, all of which have been discussed with management are designed to keep management abreast of current accounting standards or result in 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.

Uniform Guidance Policies and Procedures

The Office of Management and Budget (OMB) issued new guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards. The new Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Financial Awards (The "Super Circular", or "Uniform Guidance") requires some major policy reforms which were required to be implemented by all entities receiving federal funding effective January 1, 2018 for entities with a December 31 fiscal year end and July 1, 2018 for entities with a June 30th fiscal year end. These policy reforms should be implemented as soon as possible in order to avoid noncompliance with the terms and conditions of current federal awards and the direct and material compliance requirements for federal awards. The following sections of the Uniform Guidance require nonfederal entities that receive federal awards to establish written policies, procedures, or standards of conduct:

- Conflict of Interest (§200.112)
- Financial Management (§200.302)
- Payment (§200.305)
- General Procurement Standards (§200.318)
- Competition (§200.319)
- Methods of Procurement to be Followed (§200.320)
- Compensation – Personal Services (§200.430)
- Compensation – Fringe Benefits (§200.431)
- Relocation Costs of Employees (§200.464)
- Travel Costs (§200.474)

In order to ensure that your policies and procedures meet these new requirements, we recommend that you review the new requirements in detail and revise your current policies, as necessary.

Governmental Accounting Standards Board Pronouncements

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

Statement No. 87, Leases, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.