

December 19, 2024

To the Honorable Members of the Board of Supervisors
County of Orange, Virginia

In connection with our audit of the financial statements of the County of Orange, Virginia (County) for the year ended June 30, 2024, we have the following comments and suggestions for your consideration.

Auditor of Public Accounts Audit Deadline

In accordance with §15.2-2510 of the Code of Virginia, the final audited financial report must be submitted to the Auditor of Public Accounts (APA) by December 15th. Due to delays in fieldwork and audit completion, the deadline was not met. We recommend submitting items for audit fieldwork on a timelier basis to ensure ample time is allowed to meet the deadline.

County

Department of Social Services

During our audit we noted no formal written Language Access Plan had been created and made available for public use for the department as a whole, although department staff informed us that interpreters are made available for all callers and visitors. A formal Language Access Plan should be developed for the department as required by Item 351 C. of Chapter 2 of the 2022 Acts of Assembly which set forth requirements for VDSS to implement guidance issued by the U.S. Department of Health and Human Services concerning the obligation of recipients of federal financial assistance to comply with Title VI of the Civil Rights Act of 1964 by ensuring that meaningful access to federal-funded programs, activities and services administered by the Department is provided to limited English proficient persons, as well as persons who have hearing and vision impairments. We recommend formally developing and implementing such a Language Access Plan and making it available for public use. The plan should be documented and should meet or exceed the federal Civil Rights requirements specified by the Department of Justice.

Airport Cash Collection

While testing airport cash collections, we noted there is not clear segregation of duties over the cash collection at the Airport. However, the cash collection balance was trivial and outweighed the need to hire additional staff. We recommend increased segregation of duties involving the monitoring of the cash collection activity, as well as monitoring to track whether the amount increases substantially in the future, in which case additional procedures may be needed.

Statement of Economic Interests

We identified one Real Estate Disclosure was not completed timely for one Board of Zoning Appeals member. We suggest ensuring that all required disclosure forms are properly completed.

Children's Services Act Testing

Two purchase orders were not fully completed at the time of our testing, long after the expenditures were incurred. All purchase orders should be completed on a timely basis in order to ensure expenditures are approved, properly supported, and within the scope of services eligible as defined in the Children's Services Act policy manual and the Code of Virginia §2.2-5200-5214. We recommend a more robust review of documentation and authorization prior to expenditures occurring.

Reconciliation of Virginia Public Assistance and Capital Project Fund Accounts Payable

During accounts payable testing, we noted many invoices were not properly accrued for in the Virginia Public Assistance and Capital Project Funds. We recommend increasing review of accounts payable and ensuring it is properly recorded in all funds.

School Board

Federal Expenditures

While performing the Single Audit, we noticed numerous errors in preparing the School Board portion of the Schedule of Expenditures of Federal Awards (SEFA). These errors included programs which were identified by an incorrect Assistance Listing Number (ALN) or which contained an incorrect expenditure amount. An ALN number should be tracked for all federal expenditures to meet the Single Audit reporting requirements. Compliance requirements are different for every program and ensuring the proper ALN is identified is an important step in ensuring all compliance requirements are identified and followed for each federal program. In addition, federal expenditure amounts should be properly tracked so that they are properly reported on the SEFA. Separate accounting for federal expenditures by grant is important for adequate monitoring of grant specific compliance requirements.

Annual School Report

During the audit, we noted the School Board did not complete the Annual School Report in an accurate or timely manner. We suggest completing the report on a timelier basis and ensuring all amounts are properly recorded to ensure the School Board is in compliance with state requirements as defined by the Code of Virginia § 22.1-81.

Credit Card Testing

During our testing, we noted there was no clear tracking of which purchases belonged to the School Board Component Unit, and which belonged to the School Activity Funds. Accurate separation of credit card purchases based on entity should be done to ensure all purchases are properly recorded within the correct entity.

Subscription-Based Information Technology Arrangements

We noted the Subscription-Based Information Technology Arrangement amounts for the School Board were not properly recorded. Although the amounts are small, we suggest a more thorough review of the GASB 96 to ensure these amounts are recorded correctly.

Journal Entry Recording

Throughout the audit, we noted the School Board Component Unit had numerous clerical errors when recording journal entries such as transposed digits or incorrect account numbers. We suggest a more thorough review of journal entries prior to posting to ensure they are being recorded to the proper accounts.

County of Orange, Virginia, and Component Units

New GASB Pronouncements

At June 30, 2024, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County and School Board are as follows:

GASB Statement No. 101, *Compensated Absences*

This Statement will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires all state and local governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

Statement No. 102 will be effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Statement No. 103 will be effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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This report is intended solely for the information and use of management, the Board of Supervisors, School Board and others within the County and is not intended to be, and should not be, used by anyone other than these specified parties.

If you have any questions concerning any of these items, or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2024 and express our appreciation to everyone for their cooperation during this engagement.

PBMares, LLP

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