

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

**Date:** December 7, 2017

**Memorandum To:** Board of Supervisors  
County of Buckingham, Virginia

**From:** Robinson, Farmer, Cox Associates

**Regarding:** Audit for fiscal year ended June 30, 2017

In planning and performing our audit of the financial statements of County of Buckingham, Virginia as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (Internal Control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

## Accruals and Audit Entries (Finance) (Repeat Comment)

### Finding

Several journal entries are made during the course of the audit to record accruals such as recording accrued interest on debt in the water and sewer funds, reclassifying capital asset activity in the water and sewer funds, recording transfers to zero out the school operating and VPA fund balances, etc. Auditing standards describe significant audit adjustments as a sign of internal control deficiencies that may rise to the level of a significant deficiency or material weakness. In recent years, the Finance Director has prepared reconciliations for state and federal revenues and recorded related entries in this area as well as recording unbilled receivables for water and sewer funds and various other accrual entries through working with other departments and the School Board. In the current year, taxes receivable and principal payments made on water and sewer debt were included in the Finance Director's entries as part of audit preparation.

### Recommendation

Although there was an improvement in this area in fiscal year 2017, management should continue to review the audit entries proposed during the course of the audit in an effort to record routine journal entries prior to audit fieldwork. In the year-end closing procedures and preparation for audit, account reconciliations should be performed to determine whether all activity is properly reflected in the general ledger and appropriate journal entries made. Efforts should focus on continuing to reduce the number and amount of general ledger adjustments proposed by the auditors.

## Receipting Policies and Procedures (Recreation Department) (Repeat Comment)

### Finding

There is no formal policy for collections made by the recreation department. The Board authorized use of Dillwyn Primary School by the department and new forms and program fees for use of the facility were discussed as part of this agreement. Although untimely remittances to the Treasurer were an issue with previous personnel, turnover in the department has led to more timely remittance of receipts.

### Recommendation

Management should create policies and procedures documenting collection of program fees and remittances to the Treasurer. Procedures should include tracking participants and the collection of program fees to ensure funds are collected from all individuals. All receipts should be remitted to the Treasurer's office in a timely manner. The turnover in personnel affords an opportunity to review practices and implement new procedures to strengthen internal controls.

## Construction in Progress and Capital Projects (County)

### Finding

A significant component of capital assets and the depreciation schedules is related to ongoing projects. The current sewer project entails more than building a new plant. Certain renovations have been made to the existing plant and other equipment is being purchased with those funds. These costs are currently recorded in one construction account with no separate identification.

### Recommendation

As the sewer project is nearing completion, the costs in construction in progress need to be reviewed in detail and individual assets separately identified (to the extent necessary) when added to the depreciation schedule. For instance, kitchen renovations made to the existing plant should not be included in the new plant's total cost. In addition, water and sewer capital asset activity should be adjusted from expenses and reported as property and equipment prior to audit fieldwork. The depreciation schedules should be updated on an ongoing basis and reviewed for accuracy prior to audit fieldwork.

## Utility Receivables Reconciliation (County)

### Finding

Monthly reports are generated for water and sewer receivable balances. The general ledger amounts are recorded on the reports but the differences are not reconciled, researched or explained.

### Recommendation

Management should create policies and procedures detailing routine financial duties that must be performed. Discrepancies noted on the monthly reconciliations of receivable balances should be researched and corrected, as appropriate. The allowance for uncollectible receivables should be reviewed and adjusted accordingly based on a review of outstanding balances. In addition, the overpayments accounts should be reviewed for appropriateness. For example, the SW overpayments account in fund 501 has carried the same balance for several years.

### Special Welfare Balances (Department of Social Services) (Repeat Comment)

#### Finding

Special Welfare funds are on hand for three cases, which have had the same balances since June 30, 2014. One child has been adopted and one child received SSA checks, which were used to refund CSA payments. However, the child was no longer eligible to receive money from SSA even though checks were still received. This account has held the same balance for at least five years. According to management, all three accounts are on hold due to disputes with SSA.

#### Recommendation

We recommend management continue to monitor this issue and remit the funds to the appropriate parties, when appropriate.

### Annual Review of Access (Department of Social Services) (Compliance Issue) (Repeat Comment)

#### Finding

The Virginia Department of Social Services requires that each local security officer (LSO) annually review all employees' access to each application with employee's supervisors to ensure that the access is properly aligned with job responsibilities. The local security officer at the local department of social service is not annually reviewing access to each application. Instead, access is reviewed when charges need to be made.

#### Recommendation

VDSS guidelines should be reviewed for specific requirements and the LSO should annually review all employees' access to each application in accordance with those requirements. According to inquiries, a policy has been implemented to generate an email reminder for all supervisors in April to review access annually going forward.

### Terminated Users (Department of Social Services) (Compliance Issue)

#### Finding

The Virginia Department of Social Services requires that access privileges to all VDSS systems be removed within three working days of employment termination. Seven employees were terminated during the year and we selected 2 of those employees to review dates of separation and access termination. For one of the two employees tested, access was terminated 7 days after separation.

#### Recommendation

VDSS guidelines should be reviewed for specific requirements and system access should be terminated in accordance with those requirements.

### Credit Cards (Department of Social Services)

#### Finding

A sample of credit card charges made throughout the year was tested and one charge in the amount of \$14.93 to a restaurant was missing documentation.

#### Recommendation

Receipts for all credit card charges should be filed with credit card statements and reviewed for appropriateness. Restaurant receipts should include an itemized receipt to ensure all charges were allowable and appropriate.