



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: September 20, 2024

MEMORANDUM TO: Rob Wright, County Administrator
County of Lee, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: June 30, 2023 Audit

In planning and performing our audit of the County of Lee, Virginia, for the year ended June 30, 2023, we considered the County of Lee, Virginia's internal control structure to plan our auditing procedures for the purpose of expressing our opinions 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. 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.

County:

Budget

The County has consistently approved a budget that needed the use of significant fund balance to balance. We recommend the County adjust the annual budget as necessary to ensure the revenues agree to the approved expenditures without the use of fund balance.

In addition, we noted the Children Services Act (CSA) department did not have sufficient appropriations for expenditures.

Opioid Funding

During the audit, we noted that the County received Opioid funding that was not segregated in a separate fund. We recommend the funding be segregated to ensure proper use of the funds as required by the Auditor of Public Accounts of the Commonwealth of Virginia.

Conflict of Interest Forms

During our review of the conflict-of-interest forms, we found that several were not completed. We recommend the forms be completed thoroughly and submitted by the annual deadline as required.

Written Policies and Procedures

We recommend the County work to develop and/or update its financial policies including procurement, small purchasing, fund balance reserve, and other Uniform Guidance requirements.

Sheriff:

Domestic Violence Account

During our review of the Domestic Violence Account held by the Sheriff's office we noted that the funds were donated and should be turned over to the Treasurer's office to process through the County's funds.

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Sheriff: (Continued)

Shop with a Cop Account

During our review of the Shop with a Cop Account held by the Sheriff's office we noted that the funds were donated and should be turned over to the Treasurer's office to process through the County's funds.

School Board:

Policies

We recommend the School Board work to develop and/or update its financial policies to include the necessary requirements of Uniform Guidance.

Virginia Retirement System (VRS)

During our audit of VRS, we found that two of the three monthly snapshots tested did not properly reconcile to the payroll registers. We recommend the School Board reconcile the payroll registers monthly to amounts reported in VNAV. Further, we recommend the School Board reconcile the amount reported and paid to ICMA against the amount reported in VNAV and payroll registers.

School Funds Budgeting

During our audit of the self-health insurance fund, we noted that the budget was not balanced. We recommend that each fund's budget within itself to ensure proper budget integrity.

During our audit, we noted that the budget posted to the RDA accounting system did not agree to the Board of Supervisors approved original budget with approved supplemental appropriations. We recommend the School Board reconcile approved budget amounts with the accounting system to ensure the reports generated from same are accurate for appropriation monitoring.

COVID-19 Education Stabilization Fund - Timeliness

During our audit of the COVID-19 Education Stabilization Fund, we found that reimbursement requests were not filed timely. We recommend reimbursement requests be filed the month after the expenditures are incurred and at a minimum filed each quarter.

Federal Grant Reconciliation

During our audit of multiple federal programs, we noted the School Board was not able to reconcile the reimbursement requests against a project code in the accounting system. Ideally, the revenue for most federal programs should agree to the expenditures within that project code to ensure expenses are claimed in total and not duplicated.

Social Services:

LASER Reconciliation

DSS lacks proper procedures to ensure that the monthly expenditures are reported timely and accurately to the VDSS LASER system. This deviation from compliance causes reimbursement delays and caused DSS to overdraw its bank account during the fiscal year. It also impacts the proper financial reporting by federal program due to the method of allocation used by VDSS. Actual expenditures in the fiscal year were \$33,444 less than what was reported to VDSS for reimbursement.

Special Welfare

During our audit of special welfare, we noted that the DSS Thomas Brother's ledger did not agree to the Treasurer's bank reconciliation by \$48,450. We recommend DSS reconcile this account with the Treasurer's office monthly.

In addition, we noted several untimely reimbursements to the Treasurer. We recommend DSS reimburse the Treasurer monthly for eligible expenditures.

Social Services: (Continued)

Credit Card Purchases

During our audit of credit card payments, we found DSS was consistently paying a finance charge and carrying a previous balance forward. In addition, we noted several statements that included meal purchases that were not supported by detailed receipts and the business reason for the purchase. We recommend that all credit card purchases be supported by a detailed receipt, noting the business purpose of the purchase, and the entire statement be paid completely and timely to avoid unnecessary charges.

Acceptable Use Forms

During our special requirements testing, we were unable to find 3 completed Acceptable Use forms as required by the VDSS Information Resource Acceptable Use Policy. We recommend all forms be completed timely and properly filed for future review.

VIEW Program Expenditures

During our compliance audit of the VIEW program, we found several expenditures that did not appear to comply with the requirements of the program including administrative copier toner and a laptop. We recommend the DSS make sure that all expenditures are in compliance with the program.

Timeliness of Expenditure Payment

During our random test of disbursements, we found several checks were issued for services that were multiple months prior to payment. We recommend DSS work to ensure that all payments are current and in compliance with the Virginia Prompt Payment Act.

IRS Quarterly 941 Payroll Tax Forms

During our audit of payroll, we attempted to reconcile the payroll expenditures to amounts reported to the IRS. During our reconciliation, we noted that line 5a related to FICA wages and line 5c related to Medicare wages did not appear to be accurate on the IRS quarterly tax forms. We recommend the forms be prepared timely and accurately with a sufficient review process to ensure their accuracy.