



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: March 24, 2020

MEMORANDUM TO: Dane Poe, Administrator
County of Lee, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: June 30, 2019 Audit

In planning and performing our audit of the County of Lee, Virginia, for the year ended June 30, 2019, 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:

Capital Lease Bank Account

The County has a bank account that was opened during the E911 tower projects and the account was not secured as a public deposit as required by the Code of Virginia's Security for Public Deposits Act. Also, since the balance of the account was \$363,125.31, the account exceeded its FDIC insurance by \$113,125.31.

Certificates of Deposit

The County opened two new CDs at First US Bank in the amount of \$1,000,000 each. Neither of these CDs were set up in accordance with the Code of Virginia's Security for Public Deposits Act. Also, since the balance of the account was \$2,000,000, the account exceeded its FDIC insurance by \$1,750,000. We recommend the Treasurer's office work with banks to ensure all accounts are properly insured and held in accordance with the Code of Virginia.

Budget

The County has consistently approved a budget that needed the use of 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.

Line of Duty Act (LODA)

We reported a finding during the 2018 audit for no documentation regarding the volunteers that participate in the LODA program. The County improved during 2019 and provided most documentation but we were unable to find proper documentation for multiple volunteers tested in the program. We recommend each year the County obtain a current list of eligible people to include in the roster and support same with documentation of the gender, birth date, and role with their volunteer organization.

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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.

Petty Cash Account

During our audit of the Crime Prevention Account (petty cash) held by the Sheriff's office we noted several payments to an individual totaling \$950. Per inquiry, the individual was not provided an IRS form 1099 and an IRS W-9 was not on file. We recommend the Sheriff's office obtain a W-9 form for all payments and review same for the possibility of issuing an IRS form 1099.

School Board:

VRS

In addition, we noted that the payments are not being made to VRS timely and applied to the proper plan. We were not able to reconcile ICMA payments to the RDA system as well. We recommend the School Board work to reconcile these items and pay VRS through the typical process providing timely payment with credits to the proper plan.

Untimely Payments

During our review of accounts payable, we found one significant untimely payment. We recommend bills be paid in accordance with the Virginia Prompt Payment Act.

Accounting System Backup

During our reconciliation of the revenues and expenditures with the Treasurer's Office we noted the RDA reports provided in August did not agree to the Treasurer's records. Per inquiry, it was noted that revenues posted in June were lost during an RDA system crash. We recommend the School Board reevaluate its backup procedures to ensure reports are regenerated in a timely manner and provide for accurate reporting.

Federal Programs - School Nutrition

During our review of School Nutrition reimbursement requests, we noted the School Board did not request the proper number of meals during 3 of 12 months. Although the variance is immaterial, we recommend the School Board implement a review procedure to ensure proper reporting.

Federal Programs - Semi-Annual Time & Effort Certifications

During our testing of federal programs, we noted that no special education (Title VI-B) employees had completed a semi-annual time and effort certification and several Title I employees had not completed same. We recommend all employees funded with federal funds complete the required time and effort certification or document their hours worked were for the benefit of the federal program on their timesheet.

Social Services:

LASER

During our reconciliation of revenues and expenditures with LASER, we noted that the DSS forgot to request purchased services in June 2019. Per inquiry, the variance was noted by Virginia DSS and was reimbursed in July 2019. Further, we noted the expenditures per the Treasurer's records in Bright did not always agree to the Thomas Brothers reporting. Although the variances were immaterial, we recommend DSS work with the Treasurer's office monthly to ensure proper reporting.

Social Services: (Continued)

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 \$17,430. 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.

Credit Card Purchases

During our audit of credit card payments, we found DSS was consistently paying a finance charge and carrying a previous balance. In addition, we noted several statements that included meal purchases that were not supported by detailed receipts and the business reason of same 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.