

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: December 22, 2016

Memorandum to: Vincent Copenhaver, Finance Officer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit fieldwork audit for the year ended June 30, 2016, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit fieldwork, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

## **Findings and Recommendations in the Financial Report:**

Findings that are reported in the financial report (audit report) in the schedule of findings, questioned cost and responses are not duplicated in this letter.

## **General County**

### **Delinquent Tax Balances:**

Currently, the County does not maintain control accounts in the general ledger to document the balance of outstanding taxes. We recommend that the County established control accounts to track outstanding tax balances and reconcile those accounts to delinquent tax reports periodically. We understand that the County is working toward implementation of this recommendation in 2017.

### **Retirement Remittances:**

During our review of retirement contributions, we noted that payments were not always occurring within 10 days of month end. The County should be remitting funds to the Virginia Retirement System and ICMA in a timely manner.

BLACKSBURG OFFICE

CORBIN C. STONE, C.P.A., MANAGING DIRECTOR

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### Retirement Reconciliations:

Monthly, the County reports credible compensation to the Virginia Retirement System (VRS) for each employee eligible to participate in the retirement system. In comparing credible compensation reported to VRS against payroll reports, we noted some variances. We strongly recommend that the County begin reconciling payroll reports to credible compensation reported to VRS to ensure all employees are receiving proper credit for their service.

### Social Services Department

#### Credit Card Payments:

The Social Services Department uses credit cards for the purchase of various items throughout the year. In reviewing credit card statements, we identified the following items:

- In several instances, we noted that the Department was paying sales tax on purchases. Local governments are exempt from sales tax.
- We noted that detailed receipts were missing for several purchases. Detailed receipts are necessary to validate purchases are made in accordance with state and federal requirements over the Social Services Program.

### School Board

#### Statements of Economic Interests:

Board members, Constitutional Officers and certain appointees and employees are required to complete a form annually called the Statement of Economic Interest Form. In reviewing these forms, we noted that some School Board Members did complete the form(s) properly. We strongly recommend that these forms be completely filled out annually, as required by the State.

#### School Cafeteria Funds:

The School System maintains certain school cafeteria funds outside of the Treasurer's custody. We believe these funds represent a centralized cafeteria fund and therefore should be held in the Treasurer's custody and subject to annual appropriation(s) by the Board of Supervisors. We recommend that the School System turn custody of these funds over to the Treasurer's Office and begin preparing an annual budget for appropriation by the Board of Supervisors.

### Adult Education Program:

During our review of the federally funded adult education program, we were unable to tie reimbursement requests for payroll related items directly to payroll reports. In an overall review of the program, we determined that total payroll costs exceeded the total requested for reimbursement; however, all reimbursement request(s) should be supporting by detailed records.

### Special Education Teachers:

The School System employs special education teachers under the federally funded Title VI-B Program. This program requires that teachers (paid through the program) submit a semi-annual certification stating that they performed allowable activities under the program. The School System did not require these forms until June of 2016 and we remind the System to have special education teachers to sign these forms semi-annually going forward.

### Special Education Reimbursement Requests:

During our review of reimbursement request for the special education program, we noted that such request were not always filed in a timely manner. For instance, we identified a request dated April of 2016 for expenses incurred in August and September of 2015. We strongly recommend that the School Board requests grants in a timely manner.

### Sheriff's Department

#### Sheriff's Undercover Account:

The Sheriff's Office maintains an account used for undercover drug buys (special account). Deposits to the account include restitution from the Circuit Court Clerk's Office. We feel that these funds (restitution funds and other deposits to the account) should be deposited with the Treasurer and appropriated by the Board of Supervisors. After deposit, the County Board could authorize payments to replenish the special account as necessary.

#### Sheriff's Asset Forfeiture Account:

The Sheriff's Office maintains an asset forfeiture account. This bank account holds assets (cash) seized by the Courts until a proper distribution of same is determined. There is no specific guidance for the custody of these funds; however, we feel that should funds should be deposited with the County Treasurer in a fiduciary account from which checks can be issued upon receipt of a distribution notice from the Courts.

Sheriff's Inmate Account:

During our review of the Sheriff's jail inmate account we noted that the Office no longer receives cancelled checks (check images) with the bank statement. We recommend that the Office request copies of their cancelled checks, so documentation of the payee and amount is confirmed by same.

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