

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

**Date:** February 18, 2019

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

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

**Regarding:** Audit for fiscal year ended June 30, 2018

In planning and performing our audit of the financial statements of County of Buckingham, Virginia as of and for the year ended June 30, 2018, 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, which carried into fiscal year 2018, 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.

## Construction in Progress and Capital Projects (County) (Repeat Comment)

### 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) (Repeat Comment)

### 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.

## Late Fees (County)

### Finding

One check selected for testing on our random test of disbursements was for the payment of late fees and finance charges totaling \$51.37. The Code of Virginia §2.2-4352 requires that every agency of local government that acquires goods or services, or conducts any other type of contractual business with a nongovernmental, privately owned enterprise, shall promptly pay for the completed delivered goods or services by the required payment date.

### Recommendation

We recommend that all bills be paid on or before due dates to avoid unnecessary fees and service charges.

## Special Welfare Payments (Department of Social Services) (Compliance Issue)

### Finding

A special welfare check was written in August 2017 to reimburse CSA expenses for the period of February 2017 to July 2017. Special welfare procedures require that the Treasurer be reimbursed monthly for program expenditures incurred in the current month, and only in the current month.

Special Welfare Payments (Department of Social Services) (Compliance Issue) (Continued)

Recommendation

We recommend program expenditures be reimbursed from the Special Welfare account to the Treasurer on a monthly basis, as stipulated.

School Food Inventory Count (School Board)

Finding

Inventory count documentation selected for testing had various arithmetic errors. The format of count sheets varied from one school to the next with some being manually written (quantity, items and cost), some quantities and costs noted manually on a spreadsheet listing of items.

Recommendation

We recommend that the Director of Food Service implement a uniform spreadsheet to be used by each school in an effort to reduce calculation errors.