



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: January 6, 2022

Memorandum to: Bill Shepley, County Administrator

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of County of Grayson, Virginia for the year ended June 30, 2021, we considered the County'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. 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.

County:

Accounting System Maintenance and Reconciliations:

During the audit we noted various items that should be improved within the accounting system and related reconciliations.

- During our reconciliation of cash, we noted that the Finance Director had not posted transfers between funds as approved by the Board of Supervisors. The Treasurer's Office had posted such transfers to the Treasurer's Accountability Fund. We recommend the Treasurer's Office and Finance Office work together to reconcile the General Fund and other Funds to the Treasurer's Accountability Fund to ensure the accuracy of the accounting records overall. Due to this lacking reconciliation process, we were unable to verify cash per the bank reconciliation to the accounting records by approximately \$25,000.
- During our reconciliation of transfers, we noted that the County had posted transfers within various departments to expenditure accounts which included other activity rather than posting to separate transfer lines. We recommend transfers from one fund to another be reconciled periodically to ensure each one-line trial balance agrees to the other fund. We also recommend the County reconcile the annual and supplemental contributions to the School Board to the County records.
- During our audit of expenditures, we noted the Capital Improvement, CARES, and EDA Funds' only have one expenditure line each. We recommend that departments with individual expenditure lines be established to appropriately track expenditures by type and project.

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County: (Continued)

Accounting System Maintenance and Reconciliations: (Continued)

- During our review of the PSA Funds, we noted it did not appear multiple funds were necessary and have caused reconciliation issues. We recommend the County consolidate Funds 532 and 564 into 501.
- During our audit of revenues, we noted neither the County Finance Office nor the Treasurer's office was reconciling revenues to subledgers or external sources. We recommend the County reconcile the Auditor of Public Accounts Cardinal report to the state and federal revenues each quarter and in total at year-end. We also recommend that tax revenues be reconciled by revenue type to ensure accurate reporting within the accounting system.
- At the end of each fiscal year, the Treasurer's office should generate a detailed listing of delinquent taxes receivable that lists the balance each individual owes for each type of outstanding tax by year. Ideally, this listing would be maintained in Excel and agreed to the Treasurer's Accountability Fund.
- Finally, we noted that the County Finance Office was not reviewing the payroll and other liabilities. We recommend the Finance Director generate a "one-line trial balance" at the end of each month and review the accounting liabilities to ensure the amounts are accurate.

Conflict of Interest Statements:

During our review of the Conflict of Interest and Economic Interest Statements we noted several that were submitted after the deadline. In addition, we noted a couple forms that were not filled out completely. We recommend all forms be completed as required in a timely manner. The next submission of forms for calendar year 2021 are due by February 1, 2022.

Budget:

During our review of budget appropriations against actual expenditures we noted that the County Administration, Refuse Disposal, Buildings and Grounds, and Stormwater departments overspent their appropriations. We also noted that the EDA Fund did not have an appropriated budget. We recommend budgets be monitored periodically and supplemented as needed to avoid overspending same.

Fire Program Funds:

During our reconciliation of the ATL Annual Report we noted that the County was reporting on a "grant year" instead of fiscal year as required by the reporting guidance. Further, we were unable to reconcile the ATL Annual report activity to the general ledger. We recommend that the County implement procedures to correctly report and document the ATL funds and expenditures going forward. We also recommend performing an independent review of the ATL Annual Report for accuracy prior to submission.

Finally, during our review of the Fire Program expenditures, we noted that some receipts were dated 2019 but reimbursed in fiscal year 2021. We recommend the volunteer agencies provide eligible receipts for reimbursement in a timelier manner.

County: (Continued)

Federal Grants Policies:

During our review of the County's purchasing and personnel policies for federal compliance, we noted several policies as required by Uniform Guidance may need to be added or updated. We recommend the County review both policies in full to ensure up to date compliance but specifically recommend the County address the following policies and procedures in writing: grant cash management, grant allowability review, conflict of interest, and procurement.

Pool Revenues:

During previous audits of pool receipts we found several weaknesses in control including the following:

- The pool attendee listing needs more information including an annual pass number, if applicable and the age of each pool attendee. Alternatively, the pool could issue a pre-numbered wrist band and compare the wrist bands sold to the daily deposit.
- The pool concession sales did not have any supporting documentation. We recommend the concessions start to use a cash register for collections and print a daily batch out report to reconcile to the amounts submitted to the Treasurer's office. In addition, the cash register/cash box should be closed to a certain balance each day (such as \$50.00) and the remainder deposited with the Treasurer's office in a timely manner.
- During our audit, we noted that the pool was using pre-numbered receipts for some collections, but it was difficult to reconcile same to the Treasurer's Transmittal form.

During this audit RFC showed up at the pool, accompanied by the Treasurer, for a surprise audit. We noted several days during the visit that the pool was open, per inquiry, but no receipts were submitted to the Treasurer's office. We also noted that the Recreation Director had \$700 cash on hand for several days that "had not been worked up." During this visit we noted the following additional concerns:

- The concession stand was only tracking sales with a calculator. We recommended the concession stand use a locking cash register with a daily close out system to provide as documentation to the Treasurer's office. The sales should include sales tax and same should be remitted to the state as required.
- We recommend a calendar system be implemented with the County Administration/Treasurer's office to document days the pool is closed.
- We recommend the pool attendee listing be updated to include the date and two signatures to verify its accuracy.

County Payroll Timesheets:

During our audit of County payroll timesheets, we noted that multiple timesheets did not have a signature of the employee to document authenticity and/or an approval signature on the timesheet. We recommend timesheets be signed by the employee and Supervisor/reviewer to provide adequate documentation regarding the accuracy of same.

County: (Continued)

County Virginia Retirement System (VRS) Payments:

During our reconciliation of County VRS payments to the VRS' Vnav system, we noted that the amount paid by the County does not agree to the amount owed per the VRS Vnav system. We recommend condensing the County payments to VRS to one payment per month and the total should be reconciled between the Vnav system and the payroll system. Any differences should be investigated, and systems updated as needed. The VRS Vnav amount should be paid as noted and any adjustments will be reflected in the next month, as applicable.

Sheriff:

Bank Account Compliance:

During our review of the Evidence bank account, we noted that it was not held by the bank as a public deposit as required. We recommend the Sheriff work with the bank to change the account to a public fund or governmental account type.

School Board:

COVID-19 Coronavirus Relief Fund Reporting to VDOE:

During our reconciliation of the reporting to the Virginia Department of Education (VDOE) and the actual expenditure of the program, we noted that the School Board included \$36,017 of locally funded hazard pay in the federal expenditure report. We recommend the School Board implement a procedure to ensure that only federal expenditures are reported and a review process for future reporting prior to submission.

Federal Grants Policies:

During our review of the School Board's purchasing and personnel policies for federal compliance, we noted several policies as required by Uniform Guidance may need to be added or updated. We recommend the School Board review both policies in total to ensure up to date compliance but specifically recommend the School Board address the following policies and procedures in writing: grant cash management, grant allowability review, conflict of interest, and procurement.

Procurement:

During our testing of procurement, we were told the advertisement for the HVAC improvement bid opportunity occurred on the School Board website but were unable to verify this advertisement. We recommend documenting such advertisements in the future as well as using the State's eVA system.

Budgeting:

During our audit of the School Board budget, we noted the budgeted County contribution did not agree to County records. We recommend that the School Finance Office work with the County Finance Office to ensure the records agree.

Further, we recommend the School Board maintain the RDA accounting system's budget to agree to Board of Supervisors approved original budget and supplemental additional appropriations.

School Board: (Continued)

Federal Reimbursement Requests:

During our single audit of the CARES ESSER funding we noted reimbursement requests in October 2021 for expenditures dating back to 2020. Although we understand the unique period of performance of this grant, we recommend reimbursement requests be filed monthly and at a minimum quarterly after the expenditure is incurred.

School VRS Payments:

During our reconciliation of School VRS payments to the Virginia Retirement System Vnav system, we noted that the amount paid by the School Board does not agree to the amount owed by the VRS system. We recommend reconciling the system calculation to ensure they both agree while paying what VRS states as the amount due.

Social Services:

VDSS Acceptable Use Policy

During our review of the VDSS Acceptable Use Policy, we noted the forms are not completed each year as required; instead, they are completed only as part of the new hire paperwork. We recommend that all employees complete the form annually and have them reviewed annually.

Vehicle Procurement

During our review of procurement, we noted that the DSS Office purchased a vehicle from Huff Ford. This purchase was not documented by multiple quotes or purchased utilizing a State Contract. We recommend records be maintained to document the best price was obtained either through quotes/bids/state contract going forward.

LASER Reconciliations

During our reconciliation of expenditures, we found that DSS filed for reimbursement with LASER for March 2021 and included payroll for an employee that was no longer employed. The payroll was subsequently voided but not adjusted in LASER resulting in \$3,101 of unallowable costs. We recommend a monthly process to reconcile the LASER submission to the expenditures in the general ledger be implemented and reviewed in a timely manner.