



# **COUNTY OF SPOTSYLVANIA, VIRGINIA**

## **COMPLIANCE REPORTS**

*For the Year Ended June 30, 2015*

COUNTY OF SPOTSYLVANIA, VIRGINIA  
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**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of the Board of Supervisors  
County of Spotsylvania, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 3, 2015. That report recognizes that the County implemented two new accounting standards effective July 1, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and three instances required to be reported under the *Specifications for Audits of Counties, Cities and Towns*, which are described in the accompanying schedule of findings and questioned costs as items 2015-003 through 2015-005.

**County of Spotsylvania, Virginia's Responses to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive style.

Richmond, Virginia  
December 3, 2015

## **Report of Independent Auditor on Compliance for Each Federal Major Program and on Internal Control over Compliance Required by OMB Circular A-133**

To the Honorable Members of the Board of Supervisors  
County of Spotsylvania, Virginia

### **Report on Compliance for Each Major Federal Program**

We have audited the County of Spotsylvania, Virginia's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct or material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each of the Other Major Federal Programs***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002. Our opinion on each major federal program is not modified with respect to these matters. The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major

federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 3, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia  
December 3, 2015

# COUNTY OF SPOTSYLVANIA, VIRGINIA

## SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number	Federal Catalogue Number	Agency or Pass-Through Number	Federal Expenditures
<i>U.S. Department of Agriculture:</i>			
Pass Through Payments:			
Department of Agriculture:			
National School Lunch Program - Commodities	10.555	301	\$ 504,458
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	765	798,327
Department of Education:			
School Breakfast Program	10.553	197	1,025,084
National School Lunch Program	10.555	197	3,651,871
<b>Total U.S. Department of Agriculture</b>			<b>5,979,740</b>
<i>U.S. Department of Defense:</i>			
Direct Payments:			
Junior ROTC Program	12.000	N/A	152,128
<b>Total U.S. Department of Defense</b>			
<i>U.S. Department of Health and Human Services:</i>			
Direct Payments:			
Head Start	93.600	N/A	844,804
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	765	39,844
Temporary Assistance for Needy Families	93.558	765	680,998
Refugee and Entrant Assistance - State Administered Programs	93.566	765	14,556
Low Income Home Energy Assistance	93.568	765	36,782
Child Care and Development Block Grant	93.575	765	(74)
Child Care Mandatory and Matching Funds of the Child Care and Development Funds	93.596	765	61,004
Chafee Education and Training Vouchers Program	93.599	765	6,052
Adoption and Legal Guardianship Incentive Payments	93.603	765	2,993
Stephanie Tubbs Jones Child Welfare Services Program	93.645	765	3,269
Foster Care Title IV-E	93.658	765	677,486
Adoption Assistance	93.659	765	362,671
Social Services Block Grant	93.667	765	387,885
Chafee Foster Care Independence Program	93.674	765	18,349
Children's Health Insurance Program	93.767	765	25,580
Medical Assistance Program	93.778	765	898,584
<b>Total U.S. Department of Health and Human Services</b>			<b>4,060,783</b>
<i>U.S. Department of Homeland Security:</i>			
Direct Payments:			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	599,001
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	127	40,324
<b>Total U.S. Department of Homeland Security</b>			<b>639,325</b>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SPOTSYLVANIA, VIRGINIA**  
**SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2015

<b>Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number</b>	<b>Federal Catalogue Number</b>	<b>Agency or Pass-Through Number</b>	<b>Federal Expenditures</b>
<i>U.S. Department of Education:</i>			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 210,330
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	197	314,999
Title I - Grants to Local Educational Agencies	84.010	197	2,634,877
Title I - State Agency Program for Neglected and Delinquent Children and Youth	84.013	197	58,157
Special Education - Grants to States	84.027	197	4,347,529
Career and Technical Education - Basic Grants to States	84.048	197	260,594
Special Education - Preschool Grants	84.173	197	72,405
English Language Acquisition State Grants	84.365	197	129,897
Improving Teacher Quality State Grants	84.367	197	342,325
<b>Total U.S. Department of Education</b>			<b>8,371,113</b>
<i>U.S. Department of Justice:</i>			
Direct Payments:			
State Criminal Alien Assistance Program	16.606	N/A	6,761
Edward Byrne Memorial Justice Assistance Grant program	16.738	N/A	59,114
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	140	81,928
<b>Total U.S. Department of Justice</b>			<b>147,803</b>
<i>U.S. Department of Transportation:</i>			
Direct Payments:			
Highway Research and Development Program - Transportation Enhancement Activities	20.200	N/A	27,144
Highway Planning and Construction	20.205	N/A	23,607
ARRA - Recovery Act - Highway Planning and Construction	20.205	N/A	637,410
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety - Selective Enforcement for Speed	20.600	530	70,528
Alcohol Open Container Requirements	20.607	530	52,174
<b>Total U.S. Department of Transportation</b>			<b>810,863</b>
<i>U.S. Department of Treasury:</i>			
Pass Through Payments:			
Office of the Attorney General:			
Equitable Transfer Agreement for the Abbott Laboratory	21.000	N/A	(21)
<b>Total U.S. Department of Treasury</b>			<b>(21)</b>
<b>TOTAL</b>			<b>\$ 20,161,734</b>

See accompanying notes to the schedule of expenditures of federal awards.



# COUNTY OF SPOTSYLVANIA, VIRGINIA

## NOTES TO SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

### Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Spotsylvania, Virginia ("County"). The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule of Expenditures of Federal Awards.

### Note 2 - Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

The County participated in federal programs in which non-cash benefits are provided through the Commonwealth to eligible program participants: Food Distribution Programs (CFDA Number 10.555). The value of food commodities (\$504,458) was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

<b><u>Program Clusters</u></b>	<b><u>CFDA</u></b>	<b><u>Expenditures</u></b>
National School Lunch Program - Commodities	10.555	\$ 504,458
School Breakfast Program	10.553	1,025,084
National School Lunch Program	10.555	3,651,871
Total cluster		<u>\$ 5,181,413</u>
Special Education - Grants to States	84.027	\$ 4,347,529
Special Education - Preschool Gants	84.173	72,405
Total cluster		<u>\$ 4,419,934</u>
Child Care and Development Block Grant	93.575	\$ (74)
Child Care Mandatory and Matching Funds of the Child Care and Development Funds	93.596	61,004
Total cluster		<u>\$ 60,930</u>
<b><u>Program Totals</u></b>	<b><u>CFDA</u></b>	<b><u>Expenditures</u></b>
National School Lunch Program - Commodities	10.555	\$ 504,458
National School Lunch Program	10.555	3,651,871
Total program		<u>\$ 4,156,329</u>
Highway Planning and Construction	20.205	\$ 23,607
ARRA - Recovery Act - Highway Planning and Construction	20.205	637,410
Total program		<u>\$ 661,017</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SPOTSYLVANIA, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2015*

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**A. Summary of Auditor's Results**

**Financial Statement Section**

1. The type of auditor's report issued: **Unmodified opinion**
2. Significant deficiencies in internal controls over financial reporting: **None reported**
3. Material weaknesses in internal controls over financial reporting: **No**
4. Noncompliance, which is material to the financial statements: **No**

**Federal Awards Section**

5. Significant Deficiencies in internal control over major programs: **Yes, 2015-002**
6. Material weaknesses in internal controls over major programs: **Yes, 2015-001**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes**
9. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
Highway Planning and Construction Cluster	20.205
Child Nutrition Cluster	10.553/10.555
Title I – Grants to Local Educational Agencies	84.010
Foster Care – Title IV-E	93.658
Staffing for Adequate Fire and Emergency Response	97.083
Medicaid Cluster	93.778

10. Dollar threshold to distinguish between Type A and Type B Programs: **\$604,852**
11. Spotsylvania County was determined to be a high risk auditee.

**B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

**None**

# COUNTY OF SPOTSYLVANIA, VIRGINIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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### C. Findings and Questioned Costs Relating to Federal Awards:

#### 2015-001: Non Compliance and Material Weakness: Eligibility

**Program:** Medical Assistance Program (CFDA Number 93.778 - U.S. Department of Health and Human Services - Virginia Department of Social Services; Federal Award Number: not available; Federal Award Year: 2015)

**Criteria:** Participants in the Medicaid program must meet specified eligibility criteria to receive program assistance. For participants in the program longer than one year, a redetermination of eligibility is required to be performed at least every twelve months.

**Condition:** For seven of forty participant case files selected for testing, we saw no evidence that an eligibility re-determination was performed timely within twelve months as required. For two of forty participant case files selected for testing, a case file was unable to be located for review and one case file lacked current supporting documentation, which prevented a review of eligibility compliance.

**Cause:** The County did not follow established policies and procedures for complying with the program's requirements for determination of participant's eligibility.

**Questioned Costs:** Undeterminable.

**Recommendation:** The County should implement a plan to enhance internal controls related to participant's eligibility to ensure re-determinations are performed on timely basis and case files contain adequate supporting documentation in accordance with OMB Circular A-133.

**Views of Responsible Officials:** Timely completion of Medicaid renewals is a state-wide issue as reflected in the State's actions to make available to local agencies across the state two separate rounds of state funding, no local match required, for payment of overtime associated with the processing of overdue Medicaid renewals. Primary causes to the lack of timely processing are the increase in volume of Medicaid applications that accompanied the deployment of the Affordable Care Act (ACA), the concurrent and still ongoing state transition in systems supporting Medicaid eligibility determination and case management, and a lack of staffing resources available to meet the increased volume. In October 2013 the state transitioned a limited number of Medicaid categories from the existing system of ADAPT to VaCMS. The new system had a number of deployment issues and was inconsistent in both ability and availability through March 2014. The agency has dedicated resources (overtime, temporary part time, and reassignment of workers) to addressing the issues of overdue renewals and, as of November 30, 2015, had reduced the number of overdue renewals to 513, from a high of 1,778 in March 2015, and progress is continuing. Additional resources have been requested within the FY 2017 budget to support on-going cases and reduce the utilization of overtime and temporary part-time workers.

The missing file is believed to have been a transfer from another locality. When a Virginia resident receiving Medicaid or other state/federal public assistance moves between localities within the state, their case is transferred to their new locality of residence. The case is transferred in the system (ADAPT or VaCMS) and the hard copy file is "pouched" between localities. A state courier picks up cases, delivers them to Richmond, where they are re-routed to the new locality. The receiving locality has no control of the agency sending the case record or the routing of the record by Richmond. It is not unheard of for localities to fail to send the cases or, although uncommon, for Richmond to route the case to the wrong locality. The County is limited in their ability to control this risk, but will plan to contact the applicable locality when a file is discovered missing. The County anticipates the risk will be mitigated with the implementation of the State's document imaging system. Medicaid is the first program to be implemented removing the need to transfer cases through Richmond.

**COUNTY OF SPOTSYLVANIA, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2015*

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**C. Findings and Questioned Costs Relating to Federal Awards: (continued)**

**2015-001: Non Compliance and Material Weakness: Eligibility (continued)**

***Views of Responsible Officials:*** (continued)

Regarding the case noted as missing the current supporting documentation, management acknowledges the lack of supporting documentation. The client had been an SSI recipient since 1970 but only documents of the three most recent years are required to be maintained. Due to space limitations the agency purges case records of documents older than the required three years. Due to this purging, the requested supporting documentation was not available to provide a verification of the client's continued eligibility.

The large volume of files, documents within those files, and cases per worker combined with staff turnover, do challenge the agency's ability to maintain effective document management and control. During FY 2015, the agency initiated the acquisition/installation of an electronic document management system. All eligibility case records and related documents will be scanned and stored electronically as a first step upon receipt by the agency whether received hard copy (client drop-off, mail delivery, or fax), email, or other electronic delivery/access. The system went live December 2, 2015 and the agency plans to complete the conversion of all existing records in Eligibility to electronic storage by March 30, 2016.

**2015-002: Noncompliance and Significant Deficiency: Allowable Costs**

***Program:*** Medical Assistance Program (CFDA Number 93.778 - U.S. Department of Health and Human Services - Virginia Department of Social Services; Federal Award Number: not available; Federal Award Year: 2015); Foster Care (CFDA Number 93.658 - U.S. Department of Health and Human Services - Virginia Department of Social Services; Federal Award Number: not available; Federal Award Year: 2015)

***Criteria:*** Local social service departments are required to participate in Virginia's Department of Social Services "Random Moment Sampling" process. A Random Moment Sampling (RMS) Observation Form is used to document the specific program and activity a worker is engaged in at a randomly selected moment in time. The information reported on the RMS Observation Form is used to determine how various programs will be funded with local, state, and federal dollars. The RMS process allows localities to identify and allocate activities carried out by its service and benefit workers without keeping minute-by-minute records of activities during the day.

***Condition:*** For five of forty forms sampled, the RMS Observation Form report was not completed in a timely manner consistent with RMS guidance and in one case the form was not completed properly.

***Cause:*** The County did follow established policies and procedures for complying with the Commonwealth's requirements for the RMS Observation Forms.

***Effect:*** The adequacy of the Commonwealth's system to draw down available federal funds to finance this program is dependent on the willingness and ability of local Social Service departments to accurately identify the work that staff is performing at the selected observation moment. The County's noncompliance could result in improper allocation of certain program expenses.

***Questioned Costs:*** Undeterminable.

***Recommendation:*** The County should implement internal controls to ensure compliance with the Commonwealth's RMS Observation Form process.

**COUNTY OF SPOTSYLVANIA, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2015*

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**C. Findings and Questioned Costs Relating to Federal Awards: (continued)**

**2015-002: Noncompliance and Significant Deficiency: Allowable Costs (continued)**

**Views of Responsible Officials:** Management acknowledges a limited number of RMS forms were not completed timely and one form failed to have codes circled as required.

Policies were and are in place for the complying with RMS requirements however, training had not been provided to in-coming supervisors in a proactive manner nor were completed RMS forms being reviewed for quality. During FY 2015, due to death, resignations, and retirements, the agency experienced a 57% attrition rate at the supervisory level. On September 10, 2015, all supervisors received training on the RMS process and appropriate RMS completion. The training was conducted by the regional program consultant for administrative operations for the Northern region (State Department of Social Services divides into the state into five regions; Spotsylvania is located in the Northern region.) Going forward, all in-coming supervisors and floor managers will be instructed to complete the on-line RMS training upon their hiring/promotion and the staff member in charge of entering the RMS data into the state system will provide reminders for completion and notify Director of delays or observed departures from RMS reporting requirements or undocumented variances.

**D. Findings Relating to Compliance with the Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**2015-003: Virginia's Initiative for Employment not Welfare (VIEW) Purchased Services (Repeat Finding of 2014-03):**

**Criteria:** Per the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia Section 3-15, an auditor is required to "select a random sample of VIEW purchased service transactions and determine whether the services are in accordance with policy and appropriate based on the individual VIEW Participants Activity and Service Plan."

**Condition:** For three of forty-one VIEW disbursements tested, the County was unable to provide documentation supporting the related expenditure. For two of those three exceptions, the related case files could not be provided for review.

**Cause:** The County did not follow its established procedures and policies over expenditure documentation retention.

**Effect:** The County's inability to provide documentation supporting all grant expenditures may result in costs disallowed by the Commonwealth or reduced future funding for this program.

**Recommendation:** The County should implement a corrective action plan aimed at enhancing internal controls related to VIEW disbursements to ensure that accurate and complete documentation is maintained in accordance with County and Virginia requirements.

# COUNTY OF SPOTSYLVANIA, VIRGINIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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### D. Findings Relating to Compliance with the Commonwealth of Virginia Laws, Regulations, Contracts, and Grants (continued)

#### **2015-003: Virginia's Initiative for Employment not Welfare (VIEW) Purchased Services (Repeat Finding of 2014-03):** (continued)

**Views of Responsible Officials:** Upon review, it appears one case file was unavailable due to the client's relocation to another locality and the case file transferred to that locality. The second client is also one with a history of moving between localities within the region and management is unable to determine if the file was not returned to the agency or if the file was received but is not able to be located.

As noted in a separate finding response within this document, the large volume of files, documents within those files, and cases per worker combined with staff turnover challenge the agency's ability to maintain effective document management and control. During FY 2015, the agency initiated the acquisition and installation of an electronic document management system. While this effort will primarily support Eligibility, the secondary impact will be to create more file room capacity for other programs and support the appropriate tracking of related documents.

For the third discrepancy noted, management acknowledges appropriate documentation is not in the case file. During the time of the subject service event, November/December 2014, the agency had been without the supervisor for the program for several months due to extended illness. The worker associated with the case separated from the agency in December 2014. The agency made payment on the service in April 2015 upon verification the service had indeed been provided and appeared appropriate to the case.

The agency continues its efforts in the process of developing and inserting job specific criteria with associated metrics into the agency's formal employee performance evaluation protocol to facilitate the targeted and timely review and discussion of worker performance in key duties/responsibilities with accompanying appropriate action(s) needed.

#### **2015-004: Electronic Benefit Transfers (EBT)**

**Criteria:** Per the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia Section 3-15, an auditor is required to determine "whether the duties of eligibility workers, issuance clerks and fiscal staff are separated for each SNAP EBT account by reviewing the Internal Action and Vault Card Authorization Form," for each item sampled.

**Condition:** For three of twenty-five EBT forms tested, there were missing approvals. Specifically, two forms were missing the eligibility worker's approvals and one was missing the issuance clerk's approval.

**Cause:** The County did not follow its established procedures and policies for EBT card issuance.

**Effect:** The County's inability to provide documentation supporting all grant expenditures may result in costs disallowed by the Commonwealth or reduced future funding for this program.

**Recommendation:** The County should implement a corrective action plan aimed at enhancing internal controls related to EBT card issuances to ensure the proper segregation of duties between eligibility workers, issuance clerks and fiscal staff, in accordance with County and Virginia requirements.

**Views of Responsible Officials:** Management acknowledges the absence of the issuance clerk's signature on one of the twenty-five forms tested. Independent of the audit the supervisor of the EBT proceedings did observe a lack of clarity by participating personnel regarding EBT issuance. The task has since been assigned to one worker to ensure the necessary level of accountability for the processes with the supervisor serving as back-up during times of worker absence.

## COUNTY OF SPOTSYLVANIA, VIRGINIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2015

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#### D. Findings Relating to Compliance with the Commonwealth of Virginia Laws, Regulations, Contracts, and Grants (continued)

##### 2015-005: Social Services Business Continuity Plan

**Criteria:** Per the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia Section 3-15, each local Department of Social Services agency should have a documented Business Continuity Plan, which includes the requirements prescribed by the Virginia Department of Emergency Management. This plan should be reviewed and updated annually.

**Condition:** The County's Department of Social Services' Business Continuity plan was not reviewed and updated in the previous twelve months.

**Cause:** The County did not follow its established procedures and policies for updating its Business Continuity Plan.

**Effect:** The noncompliance may result in an inadequate Business Continuity Plan and lead to a disruption in operations.

**Recommendation:** The County should implement corrective action aimed at ensuring an annual review and update of the Department of Social Services' Business Continuity Plan, in accordance with Virginia requirements.

**Views of Responsible Officials:** While it is a management goal to regularly review and update as needed the Business Continuity Plan, the previously noted high rate of attrition (57%) in supervisory level positions in FY 2015 impacted the agency's ability to meet this goal in FY 2015. Completion of review/update is anticipated for Spring 2016.