



## ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**DATE:** April 9, 2021

**MEMORANDUM TO:** Jonathan Sweet  
County of Pulaski, Virginia

**FROM:** Robinson, Farmer, Cox Associates

**REGARDING:** Audit for the Year Ended June 30, 2020

In planning and performing our audit of the financial statements of County of Pulaski, Virginia for the year ended June 30, 2020, 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, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated April 9, 2021 on the financial statements of the County of Pulaski, Virginia. 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, to perform any additional study of these matters, or to assist you in implementing the recommendations.

### **Department of Social Services**

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#### **Business Continuity Plan**

During our review of the Business Continuity Plan, it was noted that the plan does not address all three of the types of disruptions required by the State. We were unable to find the Locality's plan for a loss of workforce in the current plan. We recommend that appropriate personnel review the VDEM guidelines and update the Business Continuity Plan accordingly. Additionally, the VDEM plan template should be referenced to assist in preparing and updating the business continuity plan on an annual basis. Guidelines can be found at the following website: <http://www.vaemergency.gov/emergency-management-community/emergency-management-plans/local-government-coop-resources>.

#### **Special Welfare Account**

Currently the Social Services Department holds funds in their special welfare fund that are not held for specific children. The Code of Virginia, 1950 as amended section 63.2-230 specifically allows local agencies to accept and expend certain funds on behalf of children placed by or entrusted to the local board when no guardian is appointed. It appears that the local agency has deposited additional funds, such as general contributions (ie. St. Jude Catholic Church Acct, Tornado Toys & School Supplies, and Miscellaneous Acct - Discretionary) to the special welfare fund. In general, we feel that contributions to the Social Services Department are subject to appropriation by the Board of Supervisors prior to expenditure. As such, we recommend that the Department review the sources and uses of these funds and establish a fund for the receipt and expenditure of non-fiduciary monies. The expenditure of such funds would be subject to an appropriation by the Board of Supervisors.

#### **Credit Card Testing**

During our testing, we had a difficult time agreeing the amounts paid to the total credit card statement. We recommend that statements be paid in full and that supporting documentation be maintained with the statement to provide an adequate audit trail.

## County

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### **Due to/from Component Units and Interfund Balances**

There are large outstanding inter-entity balances between the County and the Economic Development Authority and within funds of the County, some of which have been held at a constant balance for several years. We recommend that management of the County and the Authority work together to review the balances and develop a repayment plan or forgive same, as applicable, to ensure that amounts are appropriately reported in the financial statements.

### **Drawdowns of Loan Proceeds**

We noted that disbursements from 02/28/20 through 05/28/2020 were included on the 05/27/2020 drawdown of bond proceeds for the PCMS project. We recommend that monthly drawdowns be prepared to minimize the time that County funds are disbursed and subsequently replenished.

### **Budget Public Hearing and Adoption**

Per the Code of Virginia, section 15.2-2506, the publication of the public hearing for the budget should be held 7 days prior to the date of the public hearing. During testing, we noted that the public hearing for the 2020 budget was held on May 20, 2019 and the advertisement for same was on May 17, 2019. We recommend that going forward, the advertisement for the public hearing be made seven days before same in accordance with the Code.

### **Capital Asset Classifications**

During review, it was noted that several assets were input in the fixed asset software under the wrong classification (i.e. equipment was input as buildings). We recommend that management review these assets and reclassify as needed to ensure that reporting is accurate. Additionally, the listing should be reviewed in detail to ensure that reporting is accurate prior to moving assets to the Munis software.

### **Budget Active in the System**

The budget for fiscal year 2020 was not active in the system until February 2020. To ensure that each department is aware of their available budget and to ensure compliance with budgetary requirements, the budget should be active in the system as early in the fiscal year as possible. At a minimum, the budget should be available within 60 days of the start of the fiscal year.

### **Written Policies for Federal Programs**

The Uniform Guidance requires that the entity have certain written policies to ensure compliance related to federal programs. We were unable to obtain copies of same during the audit. We recommend that management adopt written policies/procedures as required and provide same for audit purposes.

### **Timeliness of Information**

During the audit, several items were requested multiple times before being provided. To ensure that the audit can be completed in an efficient and timely manner, we recommend that requested information be provided as soon as possible after the initial request.

## School Board

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### **Check Held at Year-end**

Check number 19625 was written during June but was not released until September due to delays in manufacturing on the vendor's part due to the COVID-19 pandemic. As a best practice, checks should not be held after being written. Rather, checks should be written after goods/services are rendered and should be mailed shortly after being signed.