



## ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**DATE:** June 13, 2022

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

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

**REGARDING:** Audit for the Year Ended June 30, 2021

In planning and performing our audit of the financial statements of County of Pulaski, 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 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 June 13, 2022 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**

---

#### 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.

#### 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.

The cash balance per the Special Welfare Fund is \$27,672 while the special welfare ledger provided by social services totals \$25,708. We recommend that a reconciliation be performed on a routing basis to ensure amounts agree.

## County

---

### 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.

### Outstanding Items for Bank Reconciliation

The outstanding items list provided for audit did not agree to the Treasurer's Accountability report by \$55,066. It appears that there was a payroll entry that was voided in payroll but did not post as such to the ledger for a total of \$116,000. There was also a revenue that was posted twice for \$59,277. The net of these two items appears to be causing most of the difference. A monthly close and reconciliation between the two accounting systems and various departments within the County should be completed to ensure that cash can be reconciled appropriately.

Items are listed on the outstanding item list in batches rather than individual checks. We recalculated totals by including individual checks for all batches noted and had a difference of \$16,491.72 from the outstanding checklist provided. We recommend that the outstanding checklist be shown in detail by check numbers going forward.

### Federal Form 941 Reconciliation to the Ledger

At the time that 941's are prepared, there is a reconciliation to the payroll registers; however, there is not a reconciliation to the ledger/trial balance. We recommend that a step be added to the current reconciliation process to also reconcile to salaries and wages lines in the ledger to ensure appropriate reporting.

### Purchase Orders and Invoice Approval

We noted 3 out of 40 invoices selected for testing had purchase orders dated after the purchase was made. Additionally, we noted an additional invoice selected for testing for which approval for payment was not noted on the invoice/in the system and there was no purchase order. Purchase orders should be completed and approved prior to the purchase being made. Munis has functionality to require approvals within the system before an invoice can be paid. We recommend that the County utilize this functionality to ensure approvals are obtained prior to payment.

### 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.

### Munis Original and Amended Budget

The budgeted amounts in Munis for the School Capital Projects Fund did not appropriately reflect the appropriated amounts. Per inquiry, the difference related to how carryover amounts were set up in the system. We recommend that system functionality be reviewed and updated to ensure this is corrected. Going forward, if there is a carryover system error, a budget adjustment should be posted to ensure that the budget is appropriately reported.

### 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.

#### Construction in Progress Balances

Activity for the year is reviewed in detail, but there does not appear to be a review of balances by project to ensure that balances are appropriately reported. We recommend that projects be reviewed at a minimum annually to ensure that they are still moving forward and amounts are either capitalized or expensed appropriately.

#### Auditor of Public Accounts (APA) Reporting Deadline

Audited financial statements are required to be filed with the Auditor of Public Accounts of the Commonwealth of Virginia by December 15<sup>th</sup> each year. Adjusted trial balances were not provided for audit until March 29, 2022. We recommend that County personnel implement processes and procedures to ensure that adjusted trial balances and related information are available in a timely manner.

#### Board Meeting Minutes

Meeting minutes are not posted online for all meetings. Several meetings were requested but were not provided for audit. We recommend that meeting minutes and agendas be posted online in a timely manner after each meeting. Additionally, copies should be kept for all meetings and readily available for audit or public inspection.

#### **School Board**

---

#### Conflicts of Interest Forms

Forms should be filled out accurately and completely. We noted that one of the six forms did not include a date. The same forms answers for yes/no responses did not agree to the Tables that were completed. We recommend that someone be tasked with giving the forms a cursory review to ensure that all questions are answered and that the completed Tables are accurate.