

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: October 25, 2016

Memorandum To: Western Tidewater Regional Jail Authority

From: Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2016

In planning and performing our audit of the financial statements of Western Tidewater Regional Jail Authority for the year ended June 30, 2016, we considered the Authority'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 October 25, 2016 on the financial statements of the Authority. 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.

General Ledger Preparation

A few journal entries were posted backwards in the accounting system and the operating bank account was not fully reconciled prior to the audit due to a posting error in recording accounts payable. The depreciation schedule was not reconciled to the general ledger at year-end, which required several journal entries. During the year, seven capital assets were disposed of and removed from the depreciation schedule but not reflected on the general ledger. In addition, certain items capitalized as part of the energy improvement project were classified in different accounts on the general ledger than on the depreciation schedule.

We recommend management create a formal schedule for completion of individual tasks for closing the books at year-end. This should help to ensure financial information is reconciled and adjusted prior to audit fieldwork. Preparation should include reviewing subsidiary schedules, including the fixed asset system and depreciation schedules, and preparing reconciliations to ensure adjustments were properly recorded in the accounting system and not made backwards or to the wrong accounts.

Unclaimed Property

The Virginia Unclaimed Property Act requires that checks outstanding in excess of one year be remitted to the Virginia Department of Treasury as unclaimed property. The June 30, 2016 outstanding check list for the inmate account included several checks totaling \$393.38 outstanding for more than one year, ranging from dates of March 2013 to March 2015.

We recommend that staff responsible for preparing or reviewing bank reconciliations periodically review the status of outstanding checks for all accounts including the inmate account and verify the Authority is in compliance with requirements of the Unclaimed Property Act. For checks outstanding longer than one year, due diligence must be performed related to contacting payees, and where applicable, funds should be remitted to the State in accordance with the Unclaimed Property Act.

Employee Wellness Account

During fieldwork, a new bank account came to our attention through an account verification printed by management from the Virginia Department of Treasury website. The employee wellness account is used for the benefit of employees and was not provided in prior audits or recorded in the accounting system or maintained on any type of software.

During fieldwork, we recommended this account activity be recorded in and tracked through Excel or in the accounting system. Before completion of fieldwork, management added the account to the accounting system as a new fund and a bank reconciliation was provided. The activity was reported in the FY16 CAFR as an agency fund. We recommend this activity continue to be tracked and accounted for like all other bank accounts going forward.

ACH Transactions

ACH transactions in the inmate account are numbered in the same series as checks, but printed on plain paper instead of check stock.

We recommend ACH transactions be assigned a different range of numbers in the accounting system to differentiate the electronic transactions from checks written during the year.

Cross-Training

Due to employee turnover in the past three years, management has put in place several new policies and procedures. Former staff created detailed procedures documents to allow other staff to perform job duties in their absence. However, the State has implemented a new system for reporting VRS information, which staff has not yet been cross-trained on. The fiscal officer is performing many duties previously performed by the purchasing agent and the new purchasing agent hasn't been completely trained in the position's job duties.

We recommend that staff continue to update and maintain detailed accounting procedures guides to help others efficiently and effectively perform duties in their absence. In addition, cross-training should be performed in critical procedural areas to ensure the duties can be performed as required. New staff should be trained to perform appropriate job duties in order to retain segregation of duties over accounting procedures.