

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: November 28, 2018

Memorandum to: Michael Watson, Town Manager
James Hampton, Treasurer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Town of Bluefield, Virginia for the year ended June 30, 2018, we considered the Town'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.

Virginia Unclaimed Property Act:

During our review of the June 2018 bank reconciliations, we noted that there was an immaterial amount of checks that have been outstanding for longer than one year. These checks should be turned over to Virginia Unclaimed Property in accordance with the Virginia Unclaimed Property Act.

Conflict of Interest Forms:

During our audit of the annual Conflict of Interest forms, we noted that one Council member had not completed their form. Although they were newly appointed they should have completed the form once appointed.

Budget:

A review of expenditures in comparison to appropriations revealed that a number of departments expended more than what was appropriated. All expenditures for each department should be appropriated by Town Council. The following departments over-expended: Town Hall Building Maintenance, Recreation Department, and Community Development.

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Purchasing:

During our test of disbursements, we noted that most purchases orders are not being completed. Per the Town's purchasing policy all purchases must have a purchase order. We found most purchases contained an open purchase order for the fiscal year that did not include an amount. We recommend that if open purchase orders are used they have a ceiling threshold and purchases are tracked to ensure they don't exceed that maximum in the approved period.

Invoices:

During our audit procedures, we found several different vendors stapled together and filed in various miscellaneous folders. The Town currently uses many miscellaneous folder for filing of invoices. We recommend the Town consider filing by check number going forward.

Credit Card Purchases:

During our audit of credit card purchases we found many receipts that lacked supporting documentation. We recommend all credit card purchases be supported by detailed receipts supporting all items purchased. We also recommend the credit card statement be initialed for documentation of approval of the purchases.

Urban Highway Maintenance:

The Town maintains a cost accounting system to track the work orders but this system is not reconciled to the general ledger accounting system. The general ledger accounting system is used to create the annual Highway Maintenance Survey. Therefore, it is difficult to ensure all expenditures included in the annual survey to the state are for eligible activities. Further, some of our testing revealed these employees completed work orders "Around Town" and at the "Saunders House." We recommend the Town ensure the work claimed is on eligible streets.

In addition, the Town has generated a surplus over the last several years as filed in the annual Highway Maintenance Survey. Per inquiry, we determined the Town is not documenting all of the eligible expenditures. We recommend the Town review and include all eligible expenditures and review annual profit and loss of the Survey to limit the surplus.