

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: November 11, 2016

Memorandum to: Steve Biggs, Town Manager
Valerie Tweedie, Treasurer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Town of Christiansburg, Virginia for the year ended June 30, 2016, we considered the Town's internal 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 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.

Statements of Economic Interest

During our review of Statements of Economic Interest we noted 2 forms were filed after the deadline. We recommend all forms be submitted completely before the deadline.

Bank Reconciliations

During our audit of cash we noted the operating bank account did not reconcile to the general ledger by an immaterial amount. We recommend that all bank reconciliations be reviewed in a timely manner to ensure accuracy.

Management response: The new person performing the reconciliation did not realize the importance of cutting the date off as of the last day of the month and pulled the reconciliation several days beyond the month end. The person has been counseled on the importance of the reconciliation being on the month end.

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Delinquent Tax Listing

During our audit of delinquent taxes we noted the listing of individuals that owe taxes does not agree to the summary reports generated for the financial reports by an immaterial amount. We recommend the delinquent tax listing of individuals be reconciled to the general ledger on a monthly basis and at a minimum on an annual basis.

Management response: We will further investigate this comment to determine differences and ability to reconcile. This is one of the applications that new software may be required to resolve.

Accounting Software

During our review of the cash receipt process we noted the transactions have adequate procedures in place but rely on significant manual operations to post the transactions to the general ledger. We recommend considering accounting software that can encompass all of the Town's financial needs. This will relieve some burden on the staff and reduce the risk of human error.

During our audit of capital assets we noted the depreciation listing is lengthy and relying on manual calculations. We found several calculation errors within the spreadsheet. We recommend the Town clean up the sheet or find a software to prevent such calculation errors.

Management response: We are aware of the need for more fully integrated software and hope to start pursuing more suitable software applications to reduce manual operations and work arounds. Will work on updating the depreciation to RFC depreciation software for short term solution.

Water/Sewer Billing Adjustments

The Town is currently unable to run summary reports of water/sewer billing adjustments. We recommend the Town obtain a method to run a report that demonstrates the adjustments made each month for supervisory review.

Management response: The software currently in use does not allow for an "adjustments" journal to be printed. We will consider instituting a manual process to track.

Capital Assets

Also during our audit, we noted items on the listing are noted as "additions" or "improvements." This makes it impossible to identify for disposal and audit purposes. We recommend the Town attempt to update the names of the items on the list as feasible and begin to note additions with a more detailed description. Vehicles should be labeled with the VIN number (at least the last 4 digits) to allow for easy identification.

Management response: The current system for tracking capital additions was created by prior auditors, we will adjust going forward.

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