



November 24, 2025

To the Honorable Members of Town Council
Town of Ashland, Virginia
Ashland, Virginia

In connection with our audit of the financial statements of the Town of Ashland, Virginia (Town) for the year ended June 30, 2025, we have the following comments and suggestions for your consideration.

Payroll Supporting Documentation

While performing testing over payroll controls, two signed timesheets were unable to be located for two pool employees for the August 16, 2024 pay period. Alternate testing was performed to substantiate the hours worked for this pay period, however we recommend ensuring that final signed timesheets are maintained for all applicable employees.

Purchase Cards

During our review of purchase card transactions, we noted the Director of Finance has the ability to approve her own purchases. Although this ability was not utilized during the year, this does increase the risk that unauthorized transactions could occur. As a best practice, we recommend creating a formal process for the Town Manager to review any such purchases made by the Director of Finance.

SPDA Quarterly Verification

During our audit, we noted that the Town only performed the SPDA cash verification process with the Virginia Department of the Treasury for the fourth quarter of the fiscal year. The APA requires quarterly verification of public depository account balances through the SPDA system to ensure timely and accurate reporting of cash positions.

While the Q4 verification was completed and appropriately documented, the absence of verifications for Q1 through Q3 represents a deviation from the quarterly compliance expectation. This gap may limit the effectiveness of internal controls over cash monitoring and could hinder timely identification of discrepancies.

We recommend that the Town implement a formal schedule and internal control procedures to ensure SPDA verifications are completed consistently each quarter. This will help maintain compliance with APA expectations and strengthen oversight of public funds.

Segregation of Duties – User Access

During our review of user access within the MUNIS financial system, we identified segregation of duties concerns that could expose the Town to risk of unauthorized transactions or undetected errors. Specifically:

- Certain users with access to payroll functions also have the ability to edit their own salary information. This creates a potential conflict of interest and increases the risk of inappropriate compensation adjustments.
- One individual responsible for printing or issuing checks also has the ability to add new vendors to the system. This combination of duties bypasses critical controls designed to prevent fraudulent vendor creation and disbursement.

We recognize that achieving complete segregation of duties may not always be feasible due to limited staffing. However, we recommend that management evaluate current MUNIS access roles and consider adjustments where practical to reduce risk. Where full separation of duties is not possible, implementing compensating controls—such as periodic supervisory reviews, audit trails, or access monitoring—can help mitigate exposure and strengthen internal oversight.

Data Management Policy

As the Town's records begin to become more digitized, the need increases to develop a comprehensive data management policy. A formal policy will create clarity over whether the electronic or hard copies of a record are the authoritative version, when hard copies can be safely disposed of once scanned and formalize the process to review scanned data for errors, inconsistencies, or duplication. We recommend reviewing the Town's procedures over these areas and creating a formal data management policy.

New GASB Pronouncements

At June 30, 2025, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 103, Financial Reporting Model Improvements

This Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

Statement No. 103 will be effective for the Town beginning with its year ending June 30, 2026.

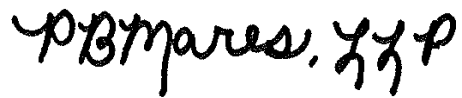
GASB Statement No. 104, Disclosure of Certain Capital Assets

This Statement will provide users of government financial statements with essential information about certain types of capital assets by separately disclosing assets.

Statement No. 104 will be effective for the Town beginning with its year ending June 30, 2026.

This report is intended solely for the information and use of management, Town Council, and others within the Town. It is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions concerning any of these items or if we can be of further assistance, please contact us. We thank you for the opportunity to conduct your audit for the year ended June 30, 2025 and express our appreciation to everyone for their cooperation during this engagement.

A handwritten signature in black ink that reads "PBMares, LLP". The signature is written in a cursive, stylized font.

PBMares, LLP