Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

CPAs | Consultants

Date:	November 15, 2019
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, 2019, we considered the Town'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 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.

Bank Reconciliations:

During our review of cash, we noted that there is no documented review on the bank reconciliations. We recommend each bank statement be reconciled and reviewed for accuracy. Further, it strengthens the controls if the review is noted with initials and a date on the reconciliation.

Water Customer Deposits:

During our audit of customer deposits, we found that there was no customer listing that agrees to the amount recorded on the financial statements. We recommend the Town work to generate a listing that agrees to the accounting system and periodically review same.

Virginia Unclaimed Property Act:

During our review of the June 2019 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.

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Budget:

A review of expenditures in comparison to appropriations revealed that several departments expended more than what was appropriated. All expenditures for each department should be appropriated by Town Council. The following departments over-expended: Recreation, Non-departmental, Debt Service, and Water Plant.

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.

Further, we noted one check paid to Comcast was issued in the amount of $885.69 but the invoice was for $85.69. In addition, we noted several invoices with a late fee. We recommend the Town review the invoice and ensure the checks are issued for the proper amount in a timely manner.

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.