



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: December 15, 2023

Memorandum to: Andrew S. Hanson, 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, 2023, 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 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.

Cash Reconciliations:

During our audit of bank reconciliations, we noted several immaterial variances in the checking account and investment reconciliations. We recommend the Town identify the variance, correct same, and ensure each month that the reconciliation balances. Further, it may be helpful to use the software bank reconciliation module to ensure it reconciles accurately.

Receipts:

During our test of cash receipts, we found that the Treasurer's office was manually adjusting deposits between cash/check to account for credit card payments which are deposited to the main operating account but relate to collections posted to other funds in the ledger which have their own bank account. Cash and check collections should be deposited to the bank to match the collections and posting in the ledger. Transfers should be recorded to allocate credit card collections to the appropriate fund. The Town should consider utilizing a pool bank account to ease this process of credit card collections.

Fincastle Golf & Meal Collections:

During our review of collections at Fincastle, we noted that on occasion, Fincastle would pay a vendor out of cash collected for the day. We recommend cash collections be deposited intact. If Fincastle needs cash to pay vendors on an occasional basis, we recommend they start a petty cash fund that is reimbursed on an imprest basis.

Invoice & Expenditure Cancellation:

During our review of significant purchases for potential capital assets, we noted that the Town double paid VDOT \$211,082.60 for a sidewalk project. After we found the overpayment, the Town worked with VDOT to recover the \$211,082.60 paid in error and did receive it back in June 2023. We recommend the Town ensure the controls are functioning to prevent duplicate payments.

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Credit Card Purchases:

During our audit of credit card purchases, we found that the Town was missing detailed receipts and paying finance charges. The Town uses the credit cards significantly, and we recommend working with a credit card vendor to automate this process. A system of this nature could provide a module for each employee to upload receipts for their individual purchases and allow the Town to monitor purchases through a vendor managed system with proper controls.

Fund Transfers:

During our reconciliation of amounts due to/from funds and transferred between funds, we noted that the Town posted transfers to various departments and a fund balance account. We recommend the Town post all transfers between funds to one line item in each fund to easily allow for reconciling transfers in total.

Virginia Unclaimed Property Act:

During our review of the June 2023 bank reconciliations, we noted that there was an immaterial amount of checks that have been outstanding for longer than one year. Due diligence should be performed, and these checks should be turned over to Virginia Unclaimed Property in accordance with the Virginia Unclaimed Property Act, as needed.

Budget:

A review of expenditures in comparison to appropriations revealed that several departments expended more than was appropriated. All expenditures for each department should be appropriated by Town Council. The following departments over-expended: Town Manager, Town Treasurer, Town Attorney, Vehicle Maintenance, Police Department, Fire Department, Street Maintenance, Building Maintenance, Community Development, Transit Fund, and Golf Fund.

Procurement:

During our testing of procurement compliance, we found that the Town only obtained quotes for annual paving. The contract exceeded \$200,000 so it should have been properly advertised and sealed bids obtained instead of quotes.

Conflict of Interest Forms:

During our review of annual conflict of interest forms, we found some forms had questions skipped or were incomplete. We recommend all forms be completed thoroughly and submitted during the required January timeframe.

Virginia Fire Programs - Aid to Localities Funding (ATL):

During our review of compliance with certain requirements of ATL funds, we found that the Town reported the expenditures were related to personal fire protective equipment when the expenditure supporting documentation demonstrates expenditures towards a fire vehicle which is reported in a different category on the annual reporting. We recommend the Town ensures proper reporting going forward.

Federal Grants Policies:

During our review of the Town's purchasing and personnel policies for federal compliance, we noted several policies as required by Uniform Guidance may need to be added or updated. We recommend the Town review both policies in total to ensure up to date compliance but specifically recommend the Town address the following policies and procedures in writing: grant cash management, grant allowability review, and procurement.