

# ROBINSON, FARMER, COX ASSOCIATES

*CERTIFIED PUBLIC ACCOUNTANTS*

*A PROFESSIONAL LIMITED LIABILITY COMPANY*

Date: January 17, 2019

Memorandum to: David Ridpath, City Manager  
Chelista Linkous, Interim Finance Director

From: Robinson, Farmer, Cox Associates

Regarding: FY 17-18 Audit Recommendations

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

## Highway Funding Program:

The City participates in VDOT's Urban Highway Maintenance Program (Program). The Program provides the City with a listing of eligible streets on which funds of the Program may be expended. The City maintains street crew(s) to perform work under the Program and members of these crews document on their timesheet(s) hours spent on VDOT eligible activities and non-VDOT activities. During our review of timesheets, as compared to postings in the payroll system, we noted that hours charged to non-VDOT activities were often posted to the VDOT Program as eligible expenses. The City should begin reconciling hours charged to the VDOT program to timesheets of street crew members to ensure accurate reporting back to the Commonwealth of funds spent.

## Overall Reconciliation of Accounting Systems:

The City maintains two accounting systems. One system (AS400 System) is used by the Treasurer primarily to collect taxes, but also has control totals for ending account balances (Fund balances, Cash balances, etc...). The City maintains a general ledger package (Munis). To ensure both sets of books are correct, the City performs reconciliations of the systems to one another and then to external data such as bank reconciliations. These complex reconciliations are time consuming, but can be eliminated if the City migrates all activity from the AS400 to

the City's system (Munis). We understand that the City is working toward one consolidated system and encourage the City to continue movement in that direction.

Inventory:

During our review of the City's water and sewer inventory, we noted a number of errors in the initial inventory count provided for audit. City staff re-performed inventory counts for use in determining the value of same for inclusion in the City's financial report. In the future, the initial count should be reviewed and tested for accuracy prior to submission for audit.

Meal Reimbursements:

During our review of credit card statements, we noted some local meal purchases. Whenever local meals are purchased, we recommend that the individual purchasing the meal(s) document the reason for same (lunch meeting, training, industrial prospect, etc...) on the receipt(s). Absent documentation of the reason for the meal(s), same may be considered a taxable fringe benefit by the IRS. *Please note: similar documentation is not required for meals purchased while traveling overnight for business purposes.*

Federal Transit Administration (FTA) Reimbursement Request:

During our review of FTA reimbursement request, we noted that reimbursement requests we not filed in a timely manner. Going forward, we recommend that reimbursement requests be filed in a timely manner (at least within 90 days of the expenditure of funds).

Social Services Reimbursement:

During our review of Social Services employee reimbursements, we noted that one employee was reimbursed for the same expense (\$28.13) twice during the fiscal year. One of the reimbursements occurred in October of 2017 and the other in March of 2018. It appears that the second request for reimbursement was an oversight. To reduce the likelihood of duplicate reimbursements going forward, we recommend that the Agency require employees to request reimbursement within 30 days of the expenditure of funds.

Delinquent Accounts:

The City's proprietary receivable listing (water, sewer, electricity and garbage) currently has a balance due on delinquent accounts (over 120 days) of \$1.5 million dollars. This balance has accumulated over a number of years. We recommend that the City write off delinquent accounts and going forward develop a methodology to write off accounts periodically in the future.