

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: December 22, 2017

MEMORANDUM TO: Shawn Utt, Town Manager  
Town of Pulaski, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2017

In planning and performing our audit of the financial statements of Town of Pulaski, Virginia for the year ended June 30, 2017, 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 the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated December 22, 2017 on the financial statements of Town of Pulaski, Virginia. 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, to perform any additional study of these matters, or to assist you in implementing the recommendations.

## Retirement withholdings:

During our required census data testing in accordance with APA specifications, we noted that VRS withholdings are not consistently applied to all employees. We noted three out of 25 employees whose withholdings were held over 26 pay periods rather than 24. We recommend that management consistently withhold retirement amounts over 24 pay periods for all employees. Additionally, a reconciliation should be prepared monthly to agree amounts per VNAV to the underlying payroll register to ensure that there are no discrepancies.

## Accounts payable listing:

The accounts payable listing provided for audit did not agree to the balance as shown on the trial balance. While the difference was not considered material, we recommend that going forward management reconcile the detailed accounts payable listing to the trial balance on a monthly basis, investigate any differences, and post adjustments as necessary to ensure that the trial balance agrees to the underlying listing.

## Tax supplements and abatements:

During our testing, we had a difficult time confirming that supplements and abatements are appropriately processed after receipt from the County Commissioner of Revenue (CoR). We recommend that management update its process for documenting and tracking supplements and abatements to ensure that adequate

documentation is maintained for testing. For example, print screens could be attached to the CoR listing of supplements/abatements to easily trace the information from the CoR to the posting by the Town.

#### Internal balances:

During our review of internal balances, it was noted that the amounts have not been updated for several years. We recommend that management review the due to/from amounts reported within the various funds and update as necessary based on same.

#### Public deposits:

All funds held by the Town should be reported as public deposit at banking institutions to ensure that amounts exceeding FDIC insured limits are covered in the unlikely event of a bank default. During our testing, we were unable to find the CD held at First Bank and Trust on the Virginia Treasury Board's website for confirming same (<https://spda.trs.virginia.gov/quarterlysearch.aspx>). We recommend that management work with the bank to ensure that this is appropriately classified in the future.

#### Outstanding Checks:

Per the Auditor of Public Accounts *Specifications for Counties, Cities, and Towns*, we are required to review outstanding checklists for amounts outstanding for greater than one year. During our review, we noted several checks that exceed this time limit. While the total amount is not material in nature, we recommend that management perform the required due diligence and remit to unclaimed property as necessary.