



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: November 29, 2021

MEMORANDUM TO: Jackie Morris, Finance Director
Town of Pulaski, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the Year Ended June 30, 2021

In planning and performing our audit of the financial statements of Town of Pulaski, Virginia for the year ended June 30, 2021, 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 the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated November 29, 2021 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.

Budgetary Information and Appropriations

Currently, a budget is only adopted for the General, Grants, Water, and Sewer funds which means that amounts expended from other funds have not been budgeted or appropriated. Per the Code of Virginia, sections 15.2-2506 and 58.1-3001 relating to appropriations, all funds should be appropriated prior to any expenditures are made. We recommend that management consult with the applicable code sections and ensure that expenditures from the UDAG, CDBG, Cemetery, and Neighborhood Revitalization Funds are appropriated.

Amortization Schedules for UDAG Loans Receivable

During review, we noted differences in the UDAG amortization schedules and outstanding balances. We recommend that these be reviewed on a routine basis and amortization schedules be updated as needed, at a minimum annually, to ensure that balances are appropriately tracked and reported.

Review of Bank Reconciliations

We noted that the LGIP accounts were closed during June 2021 and funds were deposited in the General Fund. A transfer was made for LGIP accounts previously maintained in the CDBG Fund during July 2021. An entry was posted to record this transfer in the CDBG fund prior to June 30, 2021, but the offsetting entry was not recorded in the General Fund which resulted in cash as presented for audit being overstated by \$26,322.

Historically, bank reconciliations were prepared by the Assistant Finance Director and reviewed by the Finance Director. During the year, the Finance Director left and as a result, there has been no review of bank reconciliations in the interim. Until a new Assistant Finance Director is hired, we recommend that someone else review the bank reconciliations to ensure accuracy of same.

Written Policies for Federal Programs

The Uniform Guidance requires that the entity have certain written policies to ensure compliance related to federal programs. We were unable to obtain copies of same during the audit. We recommend that management adopt written policies/procedures as required and provide same for audit purposes.

Statements of Economic Interest

During review, we noted that one form did not include the date of completion to ensure timeliness and one form was missing a required schedule. We recommend that a review of Statements of Economic Interest be implemented to ensure that forms are completed in their entirety and in a timely manner.