

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Auditor of Public Accounts Note: This letter contains redacted information which refers to details of control weaknesses that were communicated to locality management and governance but are FOIAE under Code of Virginia §2.2-3705.2 due its sensitivity and description of security controls or mechanisms.

Date: November 26, 2018

Memorandum To: Central Shenandoah Criminal Justice Training Academy

From: Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2018

In planning and performing our audit of the financial statements of Central Shenandoah Criminal Justice Training Academy for the year ended June 30, 2018, we considered the Academy'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 November 26, 2018 on the financial statements of Central Shenandoah Criminal Justice Training Academy. 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.

Recording of Accruals and Audit Preparation (Repeat Comment)

Finding

Several accrual journal entries were made during audit fieldwork. In addition, audit adjustments made during the fiscal year 2017 audit were not recorded on the general ledger. This required additional adjustments to reconcile beginning balances. During fieldwork, the consultant updated schedules reflecting capital asset activity and related depreciation expense.

Recommendation

Audit entries made during the fiscal year 2018 audit should be recorded on the general ledger as of 6/30/18. We recommend that the consultant assist with recording accrual activity prior to audit fieldwork, reviewing adjustments required during this audit. This will limit the auditor's involvement in recording adjusting journal entries and making significant adjustments to the general ledger, which could present a material weakness in internal controls. The audit preparation process should include a review of general ledger activity and discussion with management to identify capital asset additions and disposals. A process should be implemented by the bookkeeper or management where capital items are identified and provided to the consultant throughout the year. All related activity should be reflected on the depreciation schedule and general ledger presented for audit.

QuickBooks Details (Repeat Comment)

Finding

When recording accruals, journal entries made to the accounts receivable and accounts payable accounts have not been linked to a customer or vendor. Instead, CSCJTA has been used as a customer or vendor to record journal entries.

Accounts receivable and accounts payable aging reports generated should reflect actual customers and vendors and the related outstanding balances.

Recommendation

We recommend that the bookkeeper review the details of aging reports in an effort to clear old items thereby reflecting only current items. Going forward, specific customers or vendors should be linked to journal entries when recording accruals. CSCJTA should not be input as a customer or vendor.

Purchasing Policy

Finding

Several purchases were made without obtaining quotes or bids. In some cases, existing or previously used vendors were used for similar services. The purchasing policy states that purchases between \$1,500 and \$6,000 may be made after receiving three (3) quotes by telephone. Expenditures exceeding \$6,000 requires written bids from at least three (3) sources.

Recommendation

We recommend that the purchasing policy be followed regarding quotes and bids. This procedure will help to ensure the Academy is getting the best price available.

VRS Reconciliations

Finding

Formal VRS reconciliations are not prepared on a monthly basis. The VRS guidelines specify that the information in the payroll system be reconciled to the data in the monthly confirmation contribution in my VRS Navigator each month.

Recommendation

We recommend formal monthly reconciliations between the payroll system and my VRS Navigator be prepared and retained on file for audit.