

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: December 12, 2018

MEMORANDUM TO: Tim Taylor, Town Manager
Adrienne Cordle, Office Manager
Town of Richlands, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit Recommendations

In planning and performing our audit of the Town of Richlands, Virginia, for the year ended June 30, 2018, we considered the Town of Richlands, Virginia'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. 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.

Economic Interest Statements/Real Estate Disclosure Forms: During our review of these forms completed by Town Officials and appointees, we noted that some appointees of the Town (IDA and Board of Zoning Appeals) did not submit their forms to the Town as required by State Code. In addition, we noted that some appointees did not complete their forms within the statutory timeframe. In the future, these forms should be filed with the Clerk of Council within the statutory timeframe.

Void Transaction Reports: To improve internal controls, we recommend that someone independent of the collection function review a void transaction report periodically. Once reviewed, the report should be initialed by the reviewer and filed for audit.

Inventory Controls: The Recreation Department currently provides cash register tapes to the Town Offices when funds are deposited with same; however, the Department does not have inventory control procedures in place. We recommend that the Recreation Department begin an inventory process for goods that are sold and periodically reconcile changes in inventory to items purchased and sold.

Accounts Payable Listings: The Town's accounting software cannot produce an accounts payable listing at year end. For audit purposes, batch reports that contained payables were reviewed and added together to validate payables listed in the general ledger. The Town should contact their software provider and request that they add an option to print an accounts payable report for the Town.