

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Date: December 26, 2017

Memorandum to: Randall C. Eads, Interim City Manager
Tamrya Spradlin, Finance Director

From: Robinson, Farmer, Cox Associates

Regarding: FY 16-17 Audit

In planning and performing our audit of the financial statements of the City of Bristol, Virginia for the year ended June 30, 2017, 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.

Journal Entries:

During our review of journal entries, we noted journal entries were not being approved prior to May 2017. We recommend that all journal entries be approved by the appropriate individual to ensure proper controls are in place. In addition, we recommend adding signature lines to the journal entry worksheets so the person making the entry and the person approving the entry can both sign.

Our audit disclosed that all entries for the Solid Waste Fund were being posted to the General Fund, then journalized to the correct fund. This process was not very efficient and it made it more difficult for us to find specific transactions in the general ledger. It is our recommendation that a system be put into place that would allow transactions to be posted directly to the appropriate fund. This would cut down on the number of journal entries each month and would allow for more transparency in the general ledger. *(Note: This was in the process of being corrected while we were on site for final fieldwork)*

Cash:

Our review of the Treasurer's Accountability in the accounting software (BAI) disclosed that the School Board balances were grossly overstated. This is due to the fact that not all of the transactions for the School Board are being entered. The only entry being posted is the transfer from the City to the School Board. It is our recommendation that all transactions be entered into BAI that will allow the balance of the School Board to reconcile to an accurate amount.

City Budget:

Our audit of the City's budgeting process disclosed that the entire budget for the School Board is not being appropriated by the City. Only the local portion is being appropriated (see cash comment above). It is our recommendation that the entire budget of the School Board be approved and appropriated by City Council, in accordance with the Code of Virginia. *(Note: This was corrected for the fiscal year ending June 30, 2018 budget)*

Construction Contracts:

During our review of construction contracts, we noted a few instances where contracts were paid in excess of the contracted amounts noted on the request for payment. We recommend that change orders be issued whenever additional work is needed and that someone review the request for payments to make sure the total contract is updated.

Property Taxes:

Our audit of property tax levies disclosed that tax tickets are mailed to taxpayers prior to the rate being set by City Council. In a year where the prior year rate does not equal the rate approved by Council, the second half billing is corrected to account for the change in the rate. This method of billing taxpayers is not a method that's easily accounted for by any department involved in accounting for property taxes. It is recommended that the budgeting process start earlier which will allow for rate to be set prior to the first half tax tickets being mailed.

Our test of abatements in the Commissioner of Revenue's office disclosed that prior to February 2017 and the results of the 2016 audit, abatements were not being printed and approved by the Commissioner of the Revenue. After February 2017, the forms were printed and approval was noted.

Urban Highway Maintenance:

Our audit of daily maintenance logs from the Streets Department disclosed that specific streets are not being noted. The Auditor of Public Accounts' Specifications for Audits of Counties, Cities and Towns requires us to test expenditures spent on specific streets approved by the Department of Transportation. We recommend being more detailed on the daily street logs.

DSS:

During our review of DSS programs, we noted foster care and adoption assistance cases that do not show evidence of supervisor review. We recommend that the DSS implement a review process that is documented in each case file.