



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: December 10, 2019

Memorandum To: Central Shenandoah Criminal Justice Training Academy

From: Robinson, Farmer, Cox Associates

Regarding: Audit for year ended June 30, 2019

In planning and performing our audit of the financial statements of Central Shenandoah Criminal Justice Training Academy for the year ended June 30, 2019, 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 December 10, 2019 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, including those reflecting principal payments on debt and related interest accruals. In addition, cash balances were adjusted to remove payroll accruals recorded after year-end that adjusted cash instead of liabilities.

Recommendation

We recommend that the consultant continue to assist with recording accrual activity prior to audit fieldwork, reviewing adjustments made during the current audit. This will limit the auditor's involvement in recording adjusting journal entries and making significant adjustments to the general ledger, which presents 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. The capital asset threshold of \$1,000 should be used when determining items to be capitalized. 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. In addition, capital activity funded through the Foundation needs to be reflected on the Academy's depreciation schedule, since it is a blended component unit and the Foundation does not own the assets.