ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

RFC CPAs | Consultants

DATE: October 31, 2025

MEMORANDUM TO: Mr. Leon Stout, Treasurer
Town of Stanley, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY24 Audit

In planning and performing our audit of the financial statements of Town of Stanley, Virginia for the year ended June 30, 2024, we noted certain matters involving the internal controls and other operational matters that are presented for your consideration. This letter does not affect our audit report dated October 31, 2025, on the financial statements of the Town of Stanley, Virginia. Our comments and recommendations are intended to improve the internal controls 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.

Credit Card Documentation and Policy

During our audit procedures it was noted that support for credit card charges is not consistently attached to the payment documentation for the credit card statements. This practice could result in the payment of unsupported credit card charges and thereby unauthorized expenses. We also observed that the Town does not have a formal documented credit card policy. We recommend that the Town document a formal credit card policy, which includes a provision requiring supporting receipts be submitted for all charges for which it is practical to obtain a receipt. Also, the business purpose of the expense should be clearly documented, and the policy should limit the use of credit cards for certain specified transactions.

Records Retention

During our audit it was noted that the Town does not retain support for some local revenues beyond 30 days after collection. We recommend that any documentation received at the point of revenue collection be maintained in accordance with the Town's records retention schedule. These procedures will help to ensure the integrity and availability of data to support financial transactions.

Budgetary Control

Analytical review procedures performed as part of the audit revealed that the budget compared to actual indicates that expenditures across several functions exceeded the final budget for fiscal year 2024. Likewise, actual revenues also exceeded the final budget for the fiscal year. We recommend that the Town closely monitor actual revenues and expenses to ensure that the budget is appropriately amended prior to the expenditure of funds that exceed budgeted amounts.

Netting of Revenues and Expenditures

We observed instances where donation revenues were netted against the general ledger account where the related expenditures posted. This practice results in an understatement of revenues and expenditures for the Town. We recommend that donations be coded to an appropriate revenue account to ensure that records provide a complete accounting of the revenues and expenditures of the Town.

Review of Bank Reconciliations

Currently the Town does not have a process in place for review of the monthly bank reconciliations after they are prepared. An employee or Council Member, independent of cash receipt and disbursement activities should review the bank reconciliations for any unusual items and document their approval by initialing the reconciliation. This will significantly improve the system of checks and balances necessary for strong cash control.

During our audit of cash, we observed that there were outstanding checks that had remained outstanding for an extended period of time. The Virginia Code specifies that for any government, all intangible property held for the owner that remains unclaimed for more than a year is presumed abandoned (§55.1-2517). The Virginia Unclaimed Property Act requires local governments to file an annual report with the State Treasurer listing all unclaimed property and local governments are to remit the unclaimed property to the State Treasurer for final disposition. We recommend that the Town staff submit any unclaimed property to the State Treasurer each year by November 1st as required by the Code of Virginia.

SPDA Requirements

The Commonwealth of Virginia amended its Security for Public Deposits Act ("SPDA") regulations and now require Virginia public depositors to use the Treasury web-based Public Funds Search feature to ensure the banks they use are accurately reporting their public funds to the Treasury Board. This verification process must be completed each quarter.

Uniform Guidance Policies and Procedures

The Office of Management and Budget (OMB) issued guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Financial Awards (The "Super Circular, or "Uniform Guidance") requires some major policy reforms which are required to be implemented by all entities receiving federal funding. These policy reforms should be implemented as soon as possible in order to avoid noncompliance with the terms and conditions of current federal awards and the direct and material compliance requirements for federal awards. The following sections of the Uniform Guidance require nonfederal entities that receive federal awards to establish written policies, procedures, or standards of conduct:

- Conflict of Interest (§200.112)
- Financial Management (§200.302)
- Payment (§200.305)
- General Procurement Standards (§200.318)
- Competition (§200.319)
- Methods of Procurement to be Followed (§200.320)
- Compensation – Personal Services (§200.430)
- Compensation – Fringe Benefits (§200.431)
- Relocation Costs of Employees (§200.464)
- Travel Costs (§200.474)

In order to ensure that your policies and procedures meet these new requirements, we recommend that you review the requirements in detail and revise your current policies, as necessary.