



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: December 20, 2021

Memorandum to: Trent Crewe, Town Manager
James Hampton, Treasurer

From: Robinson, Farmer, Cox Associates

Regarding: Audit Recommendations

In planning and performing our audit of the financial statements of the Town of Bluefield, Virginia for the year ended June 30, 2021, we considered the Town's internal control structure to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving 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.

Cash Reconciliations:

During our audit of bank reconciliations, we noted an immaterial variance in the general operating bank reconciliation. We recommend the Town identify the variance, correct same, and ensure each month that the reconciliation balances.

Receipts:

During our test of cash receipts, we found that the Treasurer's office was manually adjusting deposits between cash/check to account for credit card payments which are deposited to the main operating account but relate to collections posted to other funds in the ledger which have their own bank account. Cash and check collections should be deposited to the bank to match the collections and posting in the ledger. Transfers should be recorded to allocate credit card collections to the appropriate fund. The Town should consider utilizing a pool bank account to ease this process of credit card collections.

Virginia Unclaimed Property Act:

During our review of the June 2021 bank reconciliations, we noted that there was an immaterial amount of checks that have been outstanding for longer than one year. Due diligence should be performed and these checks should be turned over to Virginia Unclaimed Property in accordance with the Virginia Unclaimed Property Act, as needed.

Budget:

A review of expenditures in comparison to appropriations revealed that several departments expended more than what was appropriated. All expenditures for each department should be appropriated by Town Council. The following departments over-expended: Town Attorney, Treasurer, Fire Department, Building Inspector, Planning Commission, Zoning, and Debt Service.

BLACKSBURG OFFICE:

108 South Park Drive
Blacksburg, Virginia 24060
(540) 552-7322

CONTACT:

Scott Wickham, CPA, CFE
Member
swickham@rfca.com

Purchasing:

During our test of disbursements, we noted that most purchase orders are not being completed. Per the Town's purchasing policy, all purchases must have a purchase order. We found most purchases contained an open purchase order for the fiscal year that did not include an amount. We recommend that if open purchase orders are used, they have a reasonable ceiling threshold and purchases be tracked to ensure they don't exceed that maximum in the approved period.

Gift Card Purchases:

During our audit of credit card purchases we found the Town purchased gift cards to provide to employees as a holiday benefit. The IRS considers gift cards to be provided wages and they should be included in each employee's W-2. We recommend that if gift cards are provided, they appropriately included in wages and taxed accordingly.

VRS Compliance:

During our audit of Virginia Retirement System benefits, we found that the Town did not update the annual rates for employer cost of VRS pension, group life, and disability in a timely manner. We recommend the Town reconcile the monthly pension cost against the amounts due from VRS to ensure the system is calculating an accurate expenditure amount.

Timely Payments:

During our review of significant invoices for potential accruals, we noted that the payment to Cleco Corporation in the amount of \$120,210 dated 9/22/2021 was for an invoice provided to the Town on 7/8/2021. We recommend the Town pay invoices in a more timely manner to ensure accurate financial reporting as well as compliance with the Virginia Prompt Payment Act.

Urban Highway Maintenance:

The Town maintains a cost accounting system to track the work orders, but this system is not reconciled to the general ledger accounting system. The general ledger accounting system is used to create the annual Highway Maintenance Survey. Therefore, it is difficult to ensure all expenditures included in the annual survey to the state are for eligible activities. Further, some of our testing revealed these employees completed work orders "Around Town" and at "Across from Walmart." We recommend the Town ensure the amounts claimed on the survey are on eligible streets.

COVID-19 Coronavirus Relief Funds (Tazewell County):

During our audit we noted that the Town had not been reporting to the County on a quarterly basis the uses of the funds for the County to include in their State level reporting. We recommend that when federal reporting is required the Town prepares necessary reporting documents and implements a review process to ensure that reporting is accurate.