

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ROANOKE**

**COMMENTS ON INTERNAL CONTROL AND
OTHER SUGGESTIONS FOR YOUR
CONSIDERATION**

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Honorable Members of the Board of Directors
Economic Development Authority of the City of Roanoke
Roanoke, Virginia

In planning and performing our audit of the financial statements of the Economic Development Authority of the City of Roanoke (the "Authority") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and to comply with any other applicable standards, such as *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the ***Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are also included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detail review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that our suggestions will be taken in the constructive light in which they are offered.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. A review of the status of our prior year comments and suggestions is included on page 4.

This communication is intended solely for the information and use of the Economic Development Authority of the City of Roanoke, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
September 26, 2022

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ROANOKE**

COMMENTS AND SUGGESTIONS

No comments and suggestions for the current year.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ROANOKE**

PRIOR YEAR COMMENTS AND SUGGESTIONS

AUDITOR ADJUSTMENTS (Material Weakness)

A significant number of audit adjustments were necessary for the financial statements to be in compliance with generally accepted accounting principles. The adjustments related to improper accrual of administrative fees receivable/payables and grants payables. Accounting procedures should be formulated to ensure all asset and liability accounts are recorded. All activities should be evaluated beyond transactional processing and toward financial reporting implications on these activities.

Current Year Status: *Still applicable.*

ADMINISTRATIVE FEES

During our review of administrative fees, we noted that there is no review of the attorney's administrative fee revenue calculation. As a result, a bond holder over paid their administrative fees to the Authority in 2020. We recommend that the Authority's board or administrator review the calculation with consideration for any prepayments made by bondholders during the year.

Current Year Status: *No longer applicable.*

CONFLICT OF INTEREST STATEMENTS

The *Code of Virginia* stipulates that certain non-salaried citizen members of local boards are required to file the State and Local Statement of Economic Interests form with their respective local body. The filing date for members of economic development authorities was February 1, 2021 for the 2021 fiscal year. We noted two instances out of seven in which the statements for fiscal year 2021 were not filed timely. We recommend filing the statements timely.

Current Year Status: *No longer applicable.*