



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 12, 2017

Robinson, Farmer, Cox Associates  
P. O. Box 6580  
Charlottesville, VA 22906

We have reviewed the working papers for the audit of the City of Petersburg, Virginia, for the year ended June 30, 2015. The purpose of our review was to determine whether:

- A. the audit complies with the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts;
- B. the audit complies with Government Auditing Standards, issued by the Comptroller General of the United States;
- C. the audit complies with Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations;
- D. the annual financial reports comply with generally accepted accounting principles for governmental entities; and
- E. the auditor has performed the agreed upon procedures for the Comparative Report Transmittal Forms as set forth in the Uniform Financial Reporting Manual, issued by the Auditor of Public Accounts.

We conducted our review in accordance with the 2015 Quality Control Review Program for Audits of Local Governments, developed by the Auditor of Public Accounts. The review was limited to the audit of the City of Petersburg, Virginia, and did not extend to any other engagements performed by your firm.

During our review, we noted the following deficiencies that the firm should address to further enhance the quality and effectiveness of its local government audits.

### **Improve Working Paper Documentation**

*Comment* – Government Auditing Standards, AICPA standards, and federal compliance standards require that audit working paper documentation contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from the audit documentation the nature, timing, and extent of audit procedures performed and the evidence that supports the auditor's significant judgments and conclusions. Further, audit documentation should adequately support specific items tested and address all documentation requirements for specific procedures as outlined in the standards.

We noted multiple instances in which the working papers did not adequately explain the testwork being performed, did not sufficiently document sampling considerations, or did not provide a conclusion adequately supported by the documented testwork. Specifically, there were several instances where working paper conclusions were not supported by the documented testwork for single audit compliance requirements, due to the auditor using template working papers and conclusions that were not adequately updated for the applicable testwork being performed.

Further, the firm's working papers did not always adequately document significant auditor judgment and conclusions applied throughout the audit nor document specific audit requirements in accordance with professional standards, including those related to planning a group audit; reviewing material journal entries; tracking and evaluating auditor's identified misstatements and adjustments; performing substantive analytical procedures; evaluating internal control deficiencies; considering the entity's ability to continue as a going concern; and orally communicating the results of the audit with those charged with governance. We noted that incomplete working paper documentation was primarily a result of the firm either not properly applying and completing all aspects of an applicable template working paper, or utilizing a standard, template working paper that may not contain all applicable considerations unique to the scope and review of this audit.

*Recommendation* – We recommend the firm ensure it follows all applicable auditing standards and federal standards when planning, performing, and documenting audit test work and follow its' internal policies when using template working papers. Specifically, we recommend the firm ensure the working papers clearly demonstrate and document the performance of all audit procedures required by the standards and explicitly document the auditor's significant judgments and conclusions.

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We found that for the audit of the City of Petersburg, Virginia, for the year ended June 30, 2015, except for the deficiencies described above, the working papers appropriately supported the requirements listed in A through E above. Firms can receive a rating of pass, pass with deficiencies, or fail. Robinson, Farmer, Cox Associates has received a review rating of pass with deficiencies.

We discussed these matters with your firm on November 8, 2016, and again on November 22, 2016. We will perform a follow-up review in the coming year to ensure the firm has addressed the issues we noted during our review.

This report is intended for the information and use of management. However, it is a public record and its distribution is not limited.

Sincerely,

Martha S. Mavredes  
Auditor of Public Accounts

cc: City of Petersburg  
Virginia Board of Accountancy  
Virginia Society of Certified Public Accountants