



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 26, 2018

Thrower, Blanton & Associates, P.C.
612 Trent Street
Norton, VA 24273

We have reviewed the working papers for the audit of the City of Norton, Virginia, which includes the City of Norton Public Schools, for the year ended June 30, 2017. 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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
- 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 2017 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 Norton, 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 and American Institute of Certified Public Accountants (AICPA) standards require that audit documentation contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from the audit documentation 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. The firm’s documentation for some audit procedures did not demonstrate compliance with professional standards, including those related to group audit, risk assessment, analytical procedures, fraud considerations, evaluation of misstatements, internal control matters, and audit evidence.

We noted instances where the firm’s assessed level of risk did not align with the audit approach taken. Additionally, we did not identify documentation to support that the firm performed required inquiries with those charged with governance. We also noted the firm’s documentation did not include an identification of the scope used in determining trivial misstatements or judgments and related conclusions in the classification of internal control matters. Lastly, the firm’s working papers did not adequately reflect group audit considerations, the evaluation of the competency of a management specialist, or the audit approach taken in performing preliminary and final analytical procedures.

Recommendation – We recommend the firm ensure it follows all applicable standards when planning, performing, and documenting audit test work. Specifically, we recommend the firm ensure the working papers clearly demonstrate the performance of all audit procedures required by the standards and explicitly reflects the auditor’s significant judgments and related conclusions.

We found that for the audit of the City of Norton, Virginia, for the year ended June 30, 2017, 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. Thrower, Blanton & Associates, P.C. has received a review rating of pass with deficiencies.

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We discussed these matters with your firm on July 9, 2018. 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 Norton
City of Norton Public Schools
Virginia Board of Accountancy
Virginia Society of Certified Public Accountants