



Commonwealth of Virginia

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

Walter J. Kucharski, Auditor

January 29, 2009

Richard C. Shickle
Chairman
107 North Kent Street
Winchester, VA 22601

County of Frederick

Dear Mr. Shickle:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the locality indicated and for the year ended June 30, 2008. Our primary objectives were to determine that the officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations.

The results of our tests found the Treasurer, Commissioner of Revenue and Sheriff complied, in all material respects, with state laws, regulations and other procedures relating to the receipt, disbursement and custody of state funds, except as follows.

The Commissioner of Revenue did not maintain sufficient internal control over state funds or comply with state laws and regulations as described below.

Revise Method of Tracking Tax Returns

As noted in the prior year audit, the Commissioner of Revenue uses a cash receipt book to track and monitor tax returns and estimated payments. The use of a cash receipt book makes it appear that the Commissioner is performing certain collections and other duties, which the Treasurer and the Virginia Department of Taxation (Tax) actually perform. While we commend the Commissioner for wanting to track the processing of tax returns, the use of a cash receipt book is not the best method, when she mails return to Tax and uses the same receipt multiple times for estimated payments.

We again recommend that the Commissioner use some other tracking mechanism for returns and estimated payments. The Commissioner should immediately stop issuing manual receipts and if taxpayers wish to pay in cash the Commissioner should send these taxpayers to the Treasurer's office and if the taxpayer wants some acknowledgement of the receipt of their return use another means of providing that information.

The Sheriff did not maintain sufficient internal control over state funds or comply with state laws and regulations as described below.

Properly Deposit Sheriff Fees

The Sheriff does not deposit sheriff's fees properly as required by the Code of Virginia. In four months tested, we noted the deposit of fees was not intact and in the same order as how the Sheriff collected the amounts. Having cash and checks on hand increases the risk that staff could loss or misplace the funds, and increases the risk that someone will begin lapping the receipts.

The Sheriff should deposit collections in accordance with the Code of Virginia and follow the accounting best practices for fees as outlined in the Virginia Sheriff's Accounting Manual, which recommends the Sheriff deposit all collections, if receipts total \$200 or more, daily into the Sheriff's official bank account. The Sheriff should always deposit monies no less frequently than once a week.

We discussed these comments with the Commissioner of Revenue on January 23, 2009 and with the Sheriff on January 27, 2009 and we acknowledge the cooperation extended to us during this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Walter J. Kersch".

Auditor of Public Accounts

WJK:kmk

cc: John R. Riley, Jr., County Administrator
C William Orndoff Jr, Treasurer
Ellen E. Murphy, Commissioner of the Revenue
Robert T. Williamson, Sheriff

County of Frederick
State Account
Distribution List
For the year ended June 30, 2008

Richard C. Shickle
Chairman
107 North Kent Street
Winchester, VA 22601

John R. Riley, Jr.
County Administrator
107 North Kent Street
Winchester, VA 22601

C William Orndoff, Jr
Treasurer
P.O. Box 225
Winchester, VA 22604

Ellen E. Murphy
Commissioner of the Revenue
P.O. Box 552
Winchester, VA 22604

Robert T. Williamson
Sheriff
5 North Kent Street
Winchester, VA 22601

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