



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 26, 2012

Danny Mann
Board Chairman
336 Water Street
Gate City, VA 24251

County of Scott

Dear Mr. Mann:

We have reviewed the Commonwealth collections and remittances of the Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney of the locality indicated for the year ended June 30, 2012. We also reviewed the Commonwealth collections and remittances of the Treasurer of the locality indicated, for the period January 1, 2012 through June 30, 2012. 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 the Revenue, Sheriff, and Commonwealth's Attorney 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 Treasurer did not maintain sufficient internal control over state funds as described below.

Remit Sheriff Fees Promptly

The Treasurer delayed sending sheriff fees to the Commonwealth for up to six months after collections. Section 2.2-806(B) of the Code of Virginia requires Treasurers to remit fees weekly or twice each week when collections exceed \$5,000. The Treasurer should remit sheriff fees as required by the Code of Virginia.

Perform Monthly Reconciliations

The Treasurer did not perform monthly reconciliations of the state collections and income tax assessments to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts. Monthly reconciliations are a significant internal control that is essential for determining the reliability of information.

The Treasurer should reconcile assessments, collections, and uncollected balances to CARS on a monthly basis as required by Section 58.1-3168 of the Code of Virginia and submit correction requests timely. Proper procedures will ensure complete and accurate recording of tax assessment and collections.

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We discussed this comment with the Treasurer on November 26, 2012 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:bw

cc: Kathie Noe, County Administrator
Mitzi Johnson Owens, Treasurer
Gary W. Baker, Commissioner of the Revenue
W. John Puckett, Sheriff
Marcus F. McClung, Commonwealth's Attorney