



Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

October 27, 2008

John T. Wood
Mayor
P.O. Box 3401 - 201 James Ave.
Colonial Heights, VA 23834

City of Colonial Heights

Dear Mr. Wood:

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 comply with state laws and regulations as described below.

Properly Report Assessments

The Commissioner of Revenue failed to report \$291,023 for 2007 state income tax assessments to the Department of Taxation. Commissioners of Revenue, who handle state income tax returns, must report monthly to the Department of Taxation the total of returns and payments they accept and process locally. When the Commissioner properly reports the assessments, this will resolve the difference between the city general ledger and the Commonwealth Accounting and Reporting System (CARS).

Further, the Commissioner of Revenue should reconcile her daily assessment totals to her monthly assessment totals to ensure the monthly recapitulation report required by the Department of Taxation is accurate. This reporting and reconciliation process is a fundamental internal control that ensures proper recording of taxpayer dollars.

We discussed this comment with the Commissioner of Revenue on October 17, 2008 and the Commissioner's response follows. We acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:kmk

cc: Richard Anzolut, Jr., City Manager
Joy W. Moore, Treasurer
Marjorie C. DeDanko, Commissioner of the Revenue
Todd Wilson, Sheriff



City of Colonial Heights

COMMISSIONER OF THE REVENUE
CITY HALL, 201 JAMES AVENUE
POST OFFICE BOX 3401
COLONIAL HEIGHTS, VIRGINIA 23834-9001

MARJORIE C. DeDANKO
COMMISSIONER OF THE REVENUE

(804) 520-9280
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October 20, 2008

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

Attention: Mr. Walter J. Kucharski

This reply is in response to the audit findings for the year ending June 30, 2008 for the City of Colonial Heights Virginia pertaining to the processing of state taxes by the Commissioner Of The Revenue office for the 2007 tax year.

Please be advised the dollar amount indicated in your report was processed and submitted in a timely manner according to state mandates.

During the internal audit it was discovered the State Department of Taxation had not received the monthly assessment reports. Upon this finding the reports were reconstructed immediately and forwarded to the State Tax Department.

The Commissioner Of The Revenue feels this matter has been properly corrected between the city general ledger and the Commonwealth Accounting and Reporting System.

I am requesting that this response become a part of the original audit report.

Respectfully,

**Marjorie C. DeDanko
Commissioner Of The Revenue
City of Colonial Heights**

OCT 23 '08 PM 5:20

cc: Richard Anzolut, Jr., City Manager
Joy W. Moore, Treasurer
Todd Wilson, Sheriff