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January 4, 2000

The Honorable James S. Gilmore, III  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Richard J. Holland  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We are pleased to submit the statewide **Report on Collection of Commonwealth Revenues by Local Constitutional Officers** for the fiscal year ended June 30, 1999. The Auditor of Public Accounts annually audits each constitutional officer or director of finance handling state funds to determine that these officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations. This statewide report summarizes our findings that we have previously communicated to the individual Treasurers, Directors of Finance, Sheriffs, Commissioners of Revenue, and Commonwealth Attorneys and the respective local governing body upon completing our individual audits. Clerks of the Circuit Courts maintain separate accounting records and we issue separate reports for each Clerk's Office.

We group findings by constitutional officer and locality. Most findings affect a single locality although we did find three Treasurers that delayed remitting state funds promptly to the Commonwealth. Page 4 summarizes the internal control and compliance findings for all of the constitutional officers.

We limit our work in local government to the collection of Commonwealth revenues. The local governments hire certified public accountants to audit all other local government financial activities. These firms issue separate reports on the results of their audits.

AUDITOR OF PUBLIC ACCOUNTS

WJK: kwv  
kwv:25

## **INTERNAL CONTROL AND COMPLIANCE FINDINGS**

### **TREASURERS**

#### **KING AND QUEEN COUNTY**

##### ***Reconcile Ledger to Commonwealth Reports***

As noted in our previous audit, the Treasurer does not consistently reconcile state tax assessments to monthly Commonwealth reports. The state's Department of Accounts provides local treasurers with monthly reports showing state income tax assessments, collections, and uncollected balances. To ensure this information is complete and accurate, local treasurers must reconcile this information to the locality's records. The Treasurer should reconcile assessments and collections monthly according to the Department of Accounts' November 29, 1995 procedures memorandum.

#### **KING GEORGE COUNTY**

##### ***Remit State Payments Promptly***

The Treasurer delayed transferring state payments to the Treasurer of Virginia on 11 of 25 days tested for up to 4 banking days. Section 2.1-198A of the Code of Virginia requires treasurers to remit state payments within one banking day. The Treasurer should remit state payments to the State Treasurer as required by Code of Virginia.

#### **LUNENBURG COUNTY**

##### ***Remit Sheriff's Fees Promptly***

The Treasurer delayed transferring sheriff's fees to the Treasurer of Virginia on 4 of the 21 days tested for up to 17 banking days. Section 2.1-198B of the Code of Virginia requires treasurers to remit fees weekly or twice each week if collections exceed \$5,000. The Treasurer should remit fees to the State Treasurer as required by the Code of Virginia.

#### **CITY OF PORTSMOUTH**

##### ***Withhold Local Portion of Sheriff's Fees***

The Treasurer failed to retain the city's portion of sheriff's fees in the amount of \$17,697. Section 15.2-1609.3B of the Code of Virginia allows treasurers to retain an amount equal to 1994 collections for local use and send the excess to the state. However, the Treasurer did not keep the local portion. The Treasurer should obtain reimbursement from the Treasurer of Virginia for the local fees sent in error and properly withhold the local portion in future years.

## CITY OF VIRGINIA BEACH

### *Remit Sheriff's Fees Promptly*

The Treasurer delayed depositing sheriff's fees from the Juvenile and Domestic Relations Court for up to three months. This caused delays in sending collections to the Treasurer of Virginia. The Treasurer should send sheriff's fees either weekly or twice each week if collections exceed \$5,000 as required by Section 2.1-198B of the Code of Virginia.

### *Withhold Local Portion of Sheriff's Fees*

The Treasurer improperly sent the city's \$20,450 share of sheriff's fees to the Treasurer of Virginia. Section 15.2-1609.3B of the Code of Virginia allows treasurers to retain an amount equal to 1994 collections for local use and send the excess to the state. However, the Treasurer did not keep the local portion. The Treasurer should obtain reimbursement from the Treasurer of Virginia for the local fees sent in error and properly withhold the local portion in future years.

## **SHERIFFS**

## KING GEORGE COUNTY

### *Deposit Collections Promptly*

The Sheriff delayed depositing collections on 5 of 12 days tested for up to 10 banking days. The Sheriff should deposit collections whenever they reach \$200 or at least weekly as suggested by the Virginia Sheriff's Accounting Manual.

## **SUMMARY OF FINDINGS**

We have audited state funds handled by local Treasurers, Sheriffs, Commissioners of Revenue, and Commonwealth Attorneys. The following schedule summarizes these constitutional officers' noncompliance with state laws and regulations and weaknesses in internal controls.

Requirement	Source of Requirement	Number of Officials Not Complying
<b>TREASURERS:</b>		
Reconcile Ledger To Commonwealth Reports ( <i>King &amp; Queen</i> )	Department of Accounts Procedures Memorandum	1
Remit State Payments Promptly ( <i>King George</i> )	<u>Code of Virginia § 2.1-198A</u>	1
Remit Sheriff's Fees Promptly ( <i>Lunenburg and Virginia Beach</i> )	<u>Code of Virginia § 2.1-198B</u>	2
Withhold Local Portion Of Sheriff's Fees ( <i>Portsmouth and Virginia Beach</i> )	<u>Code of Virginia § 15.2-1609.3B</u>	2
<b>SHERIFFS:</b>		
Deposit Collections Promptly ( <i>King George</i> )	<u>Virginia Sheriffs Accounting Manual</u>	1