



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

October 24, 2006

Joe S. Frank
Mayor
City Hall Building
2400 Washington Ave.
Newport News, VA 23607

Dear Mr. Frank:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the City of Newport News for the year ended June 30, 2006. 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 constitutional officers 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.

Properly Remit Sheriff's Fees

The Treasurer did not remit sheriff's fees totaling \$ 120,351.52 to the Commonwealth as required by Section 2.2-806(B) of the Code of Virginia. For seven court remittances, the Treasurer classified and deposited the funds to a local revenue account rather than remitting the funds to the Commonwealth. A coding error during a recent electronic procedure change contributed to the error. The Treasurer has subsequently remitted the funds and has implemented additional controls to ensure compliance with deposit requirements as outlined in the Code of Virginia.

We discussed this comment with the Treasurer on October 20, 2006, and we acknowledge the cooperation extended to us during this audit.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Randy W. Hildebrant, City Manager
Marty G. Eubank, Treasurer
Charles D. Crowson, Jr., Commissioner of the Revenue
Gabriel A. Morgan, Sheriff