

**COLLECTION OF COMMONWEALTH REVENUES**  
**by**  
**LOCAL CONSTITUTIONAL OFFICERS**  
**STATEWIDE REPORT**

**REPORT ON AUDIT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2001**



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November 9, 2001

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

The Honorable Vincent F. Callahan, Jr.  
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, 2001. 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.

Our audit resulted in findings at three localities. We have listed the findings by constitutional officer and locality.

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  
WJK: 20

## **INTERNAL CONTROL AND COMPLIANCE FINDINGS**

### **TREASURERS**

#### **COUNTY OF GILES**

##### **Reconcile State Taxes to Commonwealth Reports**

The Treasurer did not reconcile state income tax assessments and collections to the State's Commonwealth Accounting and Reporting System (CARS). We spent several days reconciling the County's system to CARS. Our review found that the County's general ledger did not include all assessments and exonerations and that the subsidiary ledger had several items posted twice. The Department of Accounts sends Treasurers monthly reports summarizing assessments and collections. The Treasurer should use these reports to reconcile assessments and collections to CARS monthly. This will ensure complete and accurate recording of state tax assessments and collections in the County's accounting system.

##### **Update Interest Tables**

The Treasurer did not update his state tax accounting system to reflect changes in interest rates published by the state's Department of Taxation. The Treasurer should review the quarterly Virginia Tax Bulletin and promptly update the system when the rates change.

### **SHERIFFS**

#### **CITY OF CHARLOTTESVILLE**

##### **Improve Internal Controls Over Sheriff's Fees**

Our audit found material weaknesses over the recording and disbursing of sheriff's fees and that the Sheriff did not comply with applicable state laws and regulations. The Sheriff did not maintain adequate accounting records or other controls over sheriff's fees. Below are the results of our test work.

- The Sheriff did not issue receipts for all funds collected. Section 15.2-1621 of the Code of Virginia requires the Sheriff to issue a receipt to each person who pays her a fee. The Sheriff's failure to issue receipts is a material weakness in internal control. The Sheriff should issue receipts as required by the Code.
- The Sheriff did not reconcile her official bank account for 11 out of 12 months. We performed the year-end bank reconciliation and found an unexplained difference of \$132. In addition, we found numerous errors in fee disbursements and levies. The Sheriff should perform monthly bank reconciliations to ensure for the proper accounting of funds and timely recognition of errors.

- The Sheriff did not deposit March through May collections until June 2001 into her official bank. To reduce the risk of fraud or loss, the Sheriff should deposit collections as suggested by the Virginia Sheriff's Accounting Manual.
- The Sheriff did not send fees for the months of October 2000 through April 2001 until June 2001 to the local Treasurer. The Sheriff should deliver all fees to the local Treasurer on or before the tenth of the month following collections as required by Section 15.2-1609.3B of the Code of Virginia.

The Sheriff should exercise proper oversight over the collection, reconciliation, and remittance processes of her office. She should ensure that employees recording, disbursing, and remitting Sheriff's fees possess a clear understanding of their responsibilities, the proper procedures, and accounting controls.

### CITY OF WINCHESTER

#### Remit Sheriff's Fees Timely

The Sheriff delayed sending the sheriff's fees to the local Treasurer on 4 of 12 months tested for up to 30 days. Section 15.2-1609.3B of the Code of Virginia requires sheriffs to send fees on or before the tenth of the month following collection. The Sheriff should send fees to the local Treasurer as required by the Code of Virginia.