



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 19, 2012

Michael Breeden
Chairman
1716 Breeden Circle
Elkton, VA 22827

County of Rockingham

Dear Mr. Breeden:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney of the locality indicated for the year ended June 30, 2011. 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 Commissioner of the Revenue did not maintain sufficient internal control over state funds as described below.

Revise Method of Acknowledging Payments Received with Tax Returns

The Commissioner of the Revenue uses a State Income Tax Receipt to provide taxpayers a receipt when receiving their tax return and a taxpayer requests a receipt. This makes it appear the Commissioner is performing certain collections and other duties, which the Treasurer and the Virginia Department of Taxation actually perform. While we commend the Commissioner for wanting to assist taxpayers, the use of a State Income Tax Receipt is not the best method.

We recommend the Commissioner immediately stop issuing State Income Tax Receipts. If a taxpayer wants a receipt, the Commissioner should send these taxpayers to the Treasurer's office. If the taxpayer wants some acknowledgement of the receipt of their return, the Commissioner should use another means of providing that information.

Record Dates of Tax Payments

The Commissioner of the Revenue does not keep adequate records of payment receipt dates. Section 58.1-307B of the Code of Virginia requires the Commissioners of the Revenue to maintain a record of the date they receive tax payments and the date they forward payments to the local treasurer. Recording these dates provide evidence of compliance with the requirement that the local treasurer received all payments within two banking days after receipt. The Commissioner should immediately start maintaining the date

March 21, 2012
Michael Breeden
Chairman
Page Two

received of all tax payments to ensure compliance with the Code of Virginia. We understand the Commissioner has added an additional field to the system to capture the required date.

The Sheriff did not comply with state laws and regulations as described below.

Promptly Remit Local Fees to Treasurer

The former Sheriff and his staff did not deposit local fees with the County Treasurer intact and promptly as required by Section 15.2-1615 of the Code of Virginia. The Virginia Sheriffs' Accounting Manual suggests the Sheriff make these deposits daily, or when receipts total less than \$200 in a day, accumulate the daily receipts until they total \$200, but always deposit no less frequently than weekly. The Sheriff should deposit the local fees with the County Treasurer daily.

The Commonwealth's Attorney did not maintain sufficient internal control over state funds as described below.

Properly Remit Excess Collection Funds

The Commonwealth's Attorney did not remit the Commonwealth portion of the excess funds collected totaling \$54,547 from the delinquent collections program for fiscal year 2010. The Commonwealth's Attorney did not reconcile his manual records with the actual amount of excess funds held by the Treasurer. The Commonwealth's Attorney should notify the Treasurer the amount to send to the Commonwealth. In the future, the Commonwealth's Attorney should reconcile his manual records timely and promptly notify the Treasurer of the amounts to send to the Commonwealth.

We discussed these comments with the Commissioner of the Revenue, Sheriff, and Commonwealth's Attorney and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Joseph S. Paxton, County Administrator
L Todd Garber, Treasurer
Lowell R. Barb, Commissioner of the Revenue
Bryan Hutcheson, Sheriff
Marsha Garst, Commonwealth's Attorney