

COUNTY OF LANCASTER

REPORT ON COLLECTIONS

OF LOCAL CONSTITUTIONAL OFFICERS

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2009



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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

November 20, 2009

Jack S. Russell
Chairman
271 Brightwaters Drive
White Stone, VA 22578

County of Lancaster

Dear Mr. Russell:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the locality indicated for the year ended June 30, 2009. 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, 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 Treasurer did not comply with state laws and regulations as described below.

Perform Monthly Reconciliations

The Treasurer did not perform timely and adequate monthly reconciliations of her accounting records for estimated income taxes to the CARS reports provided by the Department of Accounts. Timely monthly reconciliations are a significant internal control which is essential for determining the reliability of information. The Treasurer should reconcile assessments, collections, and uncollected balances for estimated income taxes to CARS on a monthly basis pursuant to Section 58.1-3168 of the Code of Virginia and submit correction requests timely. Proper procedures will ensure complete and accurate recording of tax assessments and collections.

We discussed this comment with the Treasurer on November 20, 2009 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:clj

cc: William H. Pennell, Jr., County Administrator
Bonnie J.D. Haynie, Treasurer
George E. Thomas, Jr., Commissioner of the Revenue
Ronald D. Crockett, Sheriff

CLARA J. PINKARD
CHIEF DEPUTY TREASURER

CHERYL S. REVERE
DEPUTY TREASURER

DAPHNE J. FORRESTER
DEPUTY TREASURER

THE COUNTY OF LANCASTER, VIRGINIA



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BONNIE J. D. HAYNIE, MGT
TREASURER
8311 MARY BALL ROAD, SUITE 204
LANCASTER, VIRGINIA 22503

November 20, 2009

Walter J Kucharski
Auditor of Public Accounts
PO Box 1295
Richmond VA 23218

Dear Mr. Kucharski:

I would like to respond to the management point in your letter to Lancaster County regarding the Treasurer's compliance with monthly reconciliations of the estimated income taxes.

I have been performing the reconciliation of the CARS reports since February 2008 each month and submitted each on time to the Department of Accounts. When I became Treasurer in November 2006, a deputy was doing this reconciliation. He resigned and left at the end of February 2008 and I took over this duty with his direction. My understanding of the reconciliation process was that I was to reconcile the deposit certificates with the listings from the Department of Accounts and balance to the Treasurer's Inventory, which I was doing. Unfortunately, there was one step missing in his training that I was unaware of. This was the verification of the deposit certificates with the report from the Department of Taxation. The error that occurred in August 2008 was directly related to this missing step. The Department of Taxation missed keying in a deposit certificate for assessment of estimated taxes. I was made aware of the error in August 2009 when your office performed the audit and have since updated my records. I have also gone back through my past reconciliations to verify that those are correct. The other reconciliations are correct with the one exception of August 2008.

Sincerely,


Bonnie J D Haynie, MGT
Master Governmental Treasurer