



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

September 18, 2007

Chuck Neudorfer
Board Chairman
122 East Main Street, Suite 202
Bedford, VA 24523

Dear Mr. Neudorfer:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the County of Bedford for the year ended June 30, 2007. 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 Sheriff and Treasurer did not maintain sufficient internal controls over state funds as described below.

Reconcile Bank Statement

The Sheriff did not reconcile his official bank account for all of fiscal year 2007 as recommended by the Virginia Sheriff's Accounting Manual. Reconciliations are an essential internal control to ensure the proper accounting for funds and timely recognition of error; therefore, the Sheriff should perform monthly bank reconciliations.

Properly Manage Manual Receipts

The Treasurer and her staff do not properly manage manual receipts. Specifically, the Treasurer does not use a bound pre-numbered manual receipt book when the office issues a manual receipt. As a result, the Treasurer cannot ensure the accountability over all manual receipts issued. It also prevents the Treasurer from providing a complete audit trail.

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The Treasurer should follow sound business practices when using manual receipts. A lack of good internal controls in this area can lead to a misappropriation of funds or theft. We recommend the treasurer take immediate action to improve her controls over manual receipts.

We discussed these comments with the Sheriff on September 10, 2007, and Treasurer on September 13, 2007, and we acknowledge the cooperation extended to us during this audit.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Kathleen D. Guzi, County Administrator
Rebecca Jones, Treasurer
Faye W. Eubank, Commissioner of the Revenue
Mike Brown, Sheriff