



# Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

September 28, 2005

Carl E. Tarpley, Jr.  
Mayor  
P. O. Box 869  
Salem, VA 24153

Dear Mr. Tarpley, Jr.:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the City of Salem for the period of September 1, 2004 through June 30, 2005. 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 Commissioner of Revenue and Treasurer did not maintain sufficient internal control over state funds as described below.

## Properly Reconcile and Report Assessments

The Commissioner of Revenue did not reconcile her daily assessment reports to her monthly recapitulation report as reported to the Department of Taxation. Consequently, the Commissioner of Revenue erroneously reported a zero total instead of reporting \$122,186.05 for May 2005 assessments for 2004 state income taxes. The Commissioner of Revenue should immediately file a corrected monthly assessment for this amount. This will resolve a reconciling item between the city treasurer's general ledger and CARS. In the future, the Commissioner of Revenue should reconcile her daily assessment totals to her monthly assessment totals to ensure the monthly recapitulation report required by section 3-4-1 of the *Department of Taxation Procedures Pamphlet III* is accurate.

## 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). The Department of Accounts sends treasurers

monthly reports summarizing assessments, collections, and uncollected balances. 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 city's general ledger.

We discussed these comments with the Commissioner of Revenue and Treasurer and we acknowledge the cooperation extended to us during this audit.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Forest G. Jones, City Manager  
Bonnie C. McCormack, Interim Treasurer  
Linda M. Carroll, Commissioner of the Revenue  
Roger Surber, Sheriff