



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 21, 2016

Lee Frame
Board Chairman
P. O. Box 644
Orange, VA 22960

County of Orange

Dear Mr. Frame:

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, 2016. 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 Treasurer did not comply with state laws and regulations as described below.

Properly Update and Calculate Interest

The Treasurer did not update interest information in the automated system for income taxes when the rate increased from five to six percent in April 2016. While the financial impact of this condition was negligible, the Treasurer should have a procedure in place to ensure that the interest rate is updated in the system as those updates occur to ensure interest on state income tax is calculated appropriately. The Treasurer should immediately implement procedures, such as reviewing the quarterly on-line Tax Bulletins, to update the automated system promptly with correct interest rates whenever the Department of Taxation changes the interest rates.

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

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Properly Calculate Excess Collection Fees (Repeat Finding)

The Commonwealth's Attorney improperly calculated fees to be remitted from the in-house collection program to the Commonwealth for fiscal year 2015, causing an under-remittance of \$169. We noted incorrect calculations for delinquent assessments, collection fees, program expenses, and the total of excess fees owed to the Commonwealth.

The Commonwealth's Attorney should notify the Treasurer of the amount still to be remitted to the Commonwealth and send an amended Fiscal Year 2015 Collection of Fines and Fees Report to the Compensation Board. Additionally, the Commonwealth's Attorney should implement review procedures to ensure the report agrees to the Treasurer's records, expenses are verified through the Finance Department, and the correct amount of excess fees are remitted annually.

We discussed these comments with the Treasurer on October 21, 2016, and Commonwealth's Attorney on October 21, 2016 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM:alh

cc: R. Bryan David, County Administrator
Dawn M. Watson, Treasurer
Renee L. Pope, Interim Commissioner of the Revenue
Mark A. Amos, Sheriff
Diana O'Connell, Commonwealth's Attorney