



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

August 23, 2019

Jasmine E. Gore
Mayor
City of Hopewell

Dear Ms. Gore:

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, 2019. 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 maintain sufficient internal control over state funds nor comply with state laws and regulations as described below.

Properly Update and Calculate Interest

Repeat: No

The Treasurer did not update interest information in the automated system for income taxes when the rate changed in July 2019. 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.

Perform Monthly Reconciliations

Repeat: No

The Treasurer did not perform timely and adequate monthly reconciliations of the accounting records to the Commonwealth's accounting and financial reporting system reports for the period of January 2019 through June 2019. Timely and complete monthly reconciliations are a significant internal control and are essential for determining the reliability of information.

Jasmine E. Gore, Mayor

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The Treasurer should reconcile assessments, collections, and uncollected balances to the Commonwealth's reports on a monthly basis as required by § 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.

Promptly Remit State Collections

Repeat: No

The Treasurer did not remit state income tax and estimated tax payments to the Commonwealth timely in three of eight payments tested. Section 2.2-806(A) of the Code of Virginia requires Treasurers to deposit state income tax payments within one banking day of receipt. The Treasurer should deposit state income tax payments in accordance with the Code of Virginia.

Improve System Security and Access

Repeat: No

Given the significant changes in staff in the Treasurer's office, it is possible the access of former staff to state systems traditionally accessed by the offices of local treasurers (such as those of the Department of Taxation and the Department of Motor Vehicles) has not been deleted. Additionally, no current staff member is certified to use Tax's automated accounting system for the proper calculation of penalty and interest and the submission of uncollected tax accounts. Further, the Treasurer and her present staff are not currently recognized as authorized locality representatives with the Department of Taxation.

Having unauthorized individuals with access to the state's automated information systems could compromise the integrity of the systems and the data they contain. The Treasurer is responsible for granting, changing, and terminating access to all automated information systems and should promptly delete an employee's access to all systems when that employee resigns or is terminated and should ensure staff obtain access to systems necessary to carry out the duties of the Treasurer's office.

We discussed this comment with the Treasurer on August 23, 2019 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM: clj

cc: John M. Altman, Jr., City Manager
Joan Gosier, Treasurer
Debra K. Reason, Commissioner of the Revenue
Steve Kephart, Sheriff