



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

September 28, 2009

Byron R. Foley
Mayor
P. O. Box 869
Salem, VA 24153

City of Salem

Dear Mr. Foley:

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, 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 Revenue, Sheriff and the 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 maintain sufficient internal control over state funds or comply with state laws and regulations as described below.

Properly Perform Monthly Reconciliations

The Treasurer did not complete the monthly reconciliations of her accounting records to the State Comptroller's report provided by the Department of Accounts. Although the Treasurer reconciled the assessments and collections, she failed to reconcile ending balances and to contact the State Comptroller to correct errors found during the reconciliation.

Timely monthly reconciliations are a significant internal control, which is essential for determining the reliability of information. The Treasurer should reconcile assessments, collections, and ending balances to State Comptroller's monthly reports as required by Section 58.1-3168 of the Code of Virginia and submit corrections timely. Proper procedures will ensure complete and accurate recording of tax assessments and collections.

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Remit Sheriff Fees Promptly

The Treasurer delayed sending Sheriff's fees to the Commonwealth for up to seven weeks after collections. Section 2.2-806(B) of the Code of Virginia requires Treasurers to remit fees weekly, or twice each week when collections exceed \$5,000. The Treasurer should remit fees as required by the Code of Virginia.

The Commonwealth's Attorney did not comply with state laws and regulations as described below.

Collect Delinquent Court Costs and Fines

For most of the past two years, the Commonwealth Attorney has not been collecting delinquent court costs and fines as required by Section 19.2-349 of the Code of Virginia. Consequently, both the Commonwealth and the locality are losing revenue.

The Code of Virginia requires the Commonwealth Attorney to collect delinquent court costs and fines or choose one of four alternative collection options. In November 2007, the Commonwealth Attorney discontinued having the Virginia Department of Taxation collect delinquent court costs and fines but has not started any other collection method.

The collection of court fines and costs is an essential part of the judicial process so that individuals understand their responsibilities when not complying with the laws of Virginia. We recommend the Commonwealth Attorney comply with his statutory requirement to actively pursue collection of delinquent court costs and fines.

We discussed these comments with the Treasurer on September 22, 2009 and with the Commonwealth's Attorney on September 28, 2009 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:clj

cc: Kevin Boggess, City Manager
Bonnie McCormack, Treasurer
Linda M. Carroll, Commissioner of the Revenue
Eric Atkins, Sheriff
Thomas E. Bowers, Commonwealth's Attorney