

COUNTY OF FREDERICK

REPORT ON COLLECTIONS

OF LOCAL CONSTITUTIONAL OFFICERS

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2009



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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

November 17, 2009

Richard C. Shickle
Chairman
107 North Kent Street
Winchester, VA 22601

County of Frederick

Dear Mr. Shickle:

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, 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 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 comply with state laws and regulations as described below.

Properly Remit Sheriff's Fees

The Treasurer did not remit sheriff's fees to the Commonwealth as required by Section 2.2-806(B) of the Code of Virginia. The Treasurer did not remit collections for September 2008 totaling \$2,116.36. The Treasurer should remit fees as required by the Code of Virginia.

Perform Monthly Reconciliations

The Treasurer did not reconcile estimated tax collections recorded in his accounting records to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts for March 2009. Timely monthly reconciliations are a significant internal control which is essential for determining the reliability of information. The Treasurer should reconcile assessments, collections, and uncollected balances to CARS on a monthly basis as required by Section 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.

We discussed these comments with the Treasurer on November 9, 2009 and have included his response at the end of this report. We acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:clj

cc: John R. Riley, Jr., County Administrator
C. William Orndoff, Jr., Treasurer
Ellen E. Murphy, Commissioner of the Revenue
Robert T. Williamson, Sheriff



COUNTY of FREDERICK

Office of Treasurer

P.O. Box 225

Winchester, Virginia 22604-0225

540/665-5607

FAX 540/662-5838

Judith K. Malone

Deputy Treasurer

C. William Orndoff, Jr., MGT

County Treasurer

R. Wayne Corbett, MGDT

Deputy Treasurer for Compliance

Date: September 4, 2009

To: Linda Gray, Field Supervisor
Commonwealth of Virginia
Auditor of Public Accounts

From: C. William Orndoff, Jr. Treasurer
County of Frederick

Subject: Corrective action-Audit Findings

A handwritten signature in black ink, appearing to be "C. Orndoff", is written over the "From:" line of the letter.

Sheriff Fees

Sheriff Fees are collected by the courts and remitted to the Treasurer's office and recorded as revenue. In 1994, the General Assembly approved HB 560, which both increased the sheriff fees and only allowed a maximum of 2,524.40 to be retained by the locality in which the taxes were collected. All amounts in excess of 2,524.40 were to be remitted to the state. Since this time, the revenue account has been manually monitored and funds that are due to the state have been timely remitted.

During the recent audit conducted by Bonnie Patterson, Judicial System Audit Specialist for the Commonwealth of Virginia, Auditor of Public Accounts, it was brought to my attention that these funds had not been remitted timely. These findings were not taken lightly and the county's computer software has been rewritten to electronically monitor the process and thus eliminate the manual monitoring that is subject to human error. Controls have been put in place that will not allow for the posting of Sheriff Fees to a local revenue code when funds reach the \$2,524.40 threshold.

A second measure has also been implemented to further monitor the accuracy of the collection and remittance of Sheriff Fees. A report (query) will be run at the end of each month to reconcile monthly collections to the CARS report.

This Corrective Action Plan will resolve the Auditor of Public Accounts findings.

Estimated Taxes – Reconciliation

During the recent audit by Bonnie Patterson, Judicial System Audit Specialist, Commonwealth of Virginia, Auditor of Public Accounts, it was brought to my attention that estimated tax payments remitted to the state were not reconciled. While all payments were remitted to the state by the Treasurer's office timely, an employee erroneously posted a tax payment to the tax year 2008 that should have been posted to the tax year 2009.

The employee that reconciles the CARS 1643 report discovered her error and mentioned that a correction needed to be made to reconcile the difference. Subsequently, the employee failed to complete the correction. To resolve possible oversight in the future, all CARS 1643 reports will be reviewed and approved by a second Deputy Treasurer. This review will be conducted prior to 15th of the following month or within 5 days upon availability of the report.

This Corrective Action Plan will resolve the Auditor of Public Accounts findings.