



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

November 16, 2010

Randy 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, 2010. 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 adequate control over state funds or comply with state laws and regulations as described below.

Remit Sheriff Fees Promptly

The Treasurer delayed sending Sheriff's fees to the Commonwealth for up to five 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.

Improve Accountability over Commonwealth Collections

The Treasurer records multiple sources of collections in one general ledger account code, including Commonwealth's Attorney's collection of delinquent court fines and costs. As a result, the Treasurer had difficulty determining and identifying amounts payable to others. We recommend the Treasurer record the Commonwealth's Attorney's collection of delinquent accounts in a separate general ledger account to improve accountability.

Perform Monthly Reconciliations

The Treasurer did not perform timely and adequate monthly reconciliations of the accounting records to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts. 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.

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

Properly Remit Excess Collection Fees

The Commonwealth's Attorney did not give the Commonwealth's portion of the excess collection fees totaling \$4,826 from the delinquent collections program to the City Treasurer for deposit to the Commonwealth. In addition, the Commonwealth's Attorney did not reconcile his manual records with the actual amount of fees sent to the local Treasurer by the courts. The Commonwealth's Attorney should give the fees to the City Treasurer for deposit to the Commonwealth and send an amended report to the State Compensation Board.

We discussed these comments with the Treasurer and Commonwealth's Attorney on November 16, 2010 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK: clj

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