



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 9, 2016

Kenneth Cooper Alexander
Mayor
810 Union Street, Suite 1001
Norfolk, VA 23510

City of Norfolk

Dear Mr. Alexander:

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, 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, 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 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.

We discussed this comment with the Treasurer on September 9, 2016 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM:alh

cc: Marcus D. Jones, City Manager
Anthony L. Burfoot, Treasurer
C. Evans Poston, Jr., Commissioner of the Revenue
Robert J. McCabe, Sheriff