



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

October 16, 2006

Carl E. Tarpley, Jr.
Mayor
P. O. Box 869
Salem, VA 24153

Dear Mr. Tarpley, Jr.:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the City of Salem for the year ended June 30, 2006. 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 constitutional officers 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 Commissioner of Revenue and Treasurer did not maintain sufficient internal control over state funds as described below.

Remit Collections Timely

The Commissioner of Revenue delayed remitting state tax collections up to five business day in three of ten remittances tested. The three remittances totaled \$191,245. Section 58.1-307(B) of the Code of Virginia requires Commissioners of Revenue to remit payments accompanied by tax returns to the Treasurer within two banking days of receipt. The Commissioner of Revenue should remit all state tax collections as required.

Properly Remit Sheriff's Fees

The Treasurer did not send sheriff's fees received from the Workers Compensation Commission, totaling \$888 to the Commonwealth as required by Section 2.2-806(B) of the Code of Virginia. The Treasurer classified and deposited these funds to a local account rather than sending the funds to the Commonwealth. The Treasurer should comply with deposit requirements of state funds as outlined in the Code of Virginia. The Treasurer remitted these funds to the Commonwealth after the audit.

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We discussed these comments with the Commissioner of Revenue on October 12, 2006, and Treasurer on October 11, 2006, and we acknowledge the cooperation extended to us during this audit.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Forest G. Jones, City Manager
Bonnie McCormack, Treasurer
Linda M. Carroll, Commissioner of the Revenue
Roger Surber, Sheriff