



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

October 3, 2008

Stephen A. Bennett
Board Chairman
6800 Rich Patch Road
Covington, VA 24426

County of Alleghany

Dear Mr. Bennett:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the locality indicated and for the year ended June 30, 2008. 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 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 or comply with state laws and regulations as described below.

Improve Internal Controls over Receipting and Depositing State Taxes

The Treasurer should receipt and deposit collections in accordance with Section 2.2-806(A) of the Code of Virginia, which requires Local Treasurers to remit state tax payments to the Commonwealth within one banking day of receipt.

The Treasurer uses a software program that allows her and her staff to post date payments. When the Treasurer's office issues a receipt, the Treasurer's staff dates the receipt for the expected deposit date and not the actual date of the transaction. The Treasurer should ensure that the accounting system does not permit post dating of payments. This lack of an essential system control opens up the opportunity for misuse of Commonwealth funds.

The Treasurer should then ensure that collections are deposited with the Commonwealth in the required manner.

Additionally, the Treasurer does not record the receipt transmittal dates for state tax payments as they are received from the Commissioner of Revenue. The Treasurer should properly document these transmittal dates to clearly indicate the transaction history and further ensure timely deposits with the Commonwealth.

We discussed this comment with the Treasurer on September 30, 2008 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:kmk

cc: John R. Strutner, County Administrator
Anna L. Fox, Treasurer
Valerie N. Bruffey, Commissioner of the Revenue
Kevin W. Hall, Sheriff