

COLLECTION OF COMMONWEALTH REVENUES

by

LOCAL CONSTITUTIONAL OFFICERS

STATEWIDE REPORT

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2003

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

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SCHEDULE A: SUMMARY OF COLLECTIONS

November 14, 2003

The Honorable Mark R. Warner
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We are pleased to submit the statewide **Report on Collections of Commonwealth Revenues by Local Constitutional Officers** for the fiscal year ended June 30, 2003. The Auditor of Public Accounts annually audits each constitutional officer or director of finance handling state funds to determine that these officials have maintained accountability over Commonwealth collections, established internal controls, and complied with state laws and regulations. This statewide report summarizes our findings that we have previously communicated to the individual Treasurers and Sheriffs, and the respective local governing body upon completing our individual audits. Constitutional Officers, excluding Clerks of the Circuit Courts, collected \$315,915,005 in Commonwealth revenues for fiscal year 2003, as detailed in Schedule A. Clerks of the Circuit Courts maintain separate accounting records and we issue separate reports for each Clerk's Office.

Our audits resulted in findings at five localities. We have listed the findings by constitutional officer and locality.

We limited our work in local government to the collection of Commonwealth revenues. The local governments hire certified public accountants to audit all other local government financial activities. These firms issue separate reports on the results of their audits.

AUDITOR OF PUBLIC ACCOUNTS

WJK: kwv
kwv:25

INTERNAL CONTROL AND COMPLIANCE FINDINGS

TREASURERS

COUNTY OF ROANOKE

Train Employees to Properly Remit Collections

The Treasurer did not remit sheriff's fees totaling \$28,589 to the Commonwealth as required by Section 2.2-806(B) of the Code of Virginia. The Treasurer hired a new employee who did not understand the responsibilities for handling sheriff's fees received from the courts. The employee classified and deposited the sheriff's fees to a local account rather than remitting the funds to the Commonwealth. The Treasurer should ensure that all employees receive training to comply with deposit requirements of state funds as outlined in the Code of Virginia.

CITY OF NORFOLK

Remit Sheriff's Fees Promptly

The Treasurer delayed transferring sheriff's fees to the Treasurer of Virginia on 13 of the 22 days tested for up to 4 business days. 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 send fees as required by the Code of Virginia.

CITY OF PETERSBURG

Reconcile State Taxes to Commonwealth Reports

The Treasurer did not reconcile state income tax assessments and collections to the state's Commonwealth Accounting and Reporting System (CARS). The Department of Accounts sends Treasurers monthly reports summarizing assessments, collections, and uncollected balances. The Treasurer should use these reports to reconcile assessments and collections to CARS monthly. This will ensure complete and accurate recording of state tax assessments and collections in the City's accounting system.

SHERIFFS

COUNTY OF GREENSVILLE

Properly Reconcile Bank Statement

The Sheriff did not reconcile his official bank account for fiscal year 2003, as suggested by the Virginia Sheriff's Accounting Manual, resulting in an undetected error dated July 2002. The Sheriff should perform monthly bank reconciliations to ensure the proper accounting of funds and timely recognition of errors.

COUNTY OF MATHEWS

Remit Sheriff Fees Timely

The Sheriff delayed remitting Sheriff's fees to the County Treasurer on 5 of 12 months tested for up to 25 business days. Section 15.2-1609.3 of the Code of Virginia requires Sheriffs to remit Sheriff fees to the County Treasurer on or before the tenth of the month following collections. The Sheriff should remit fees as required by the Code of Virginia.

CITY OF PETERSBURG

Remit Sheriff Fees Timely

The Sheriff delayed remitting Sheriff's fees to the City Treasurer on 4 of 12 months tested for up to 9 business days. Section 15.2-1609.3 of the Code of Virginia requires Sheriffs to remit Sheriff fees to the City Treasurer on or before the tenth of the month following collections. The Sheriff should remit fees as required by the Code of Virginia.

SUMMARY OF COLLECTIONS

	<u>2003</u>	<u>2002</u>
Income taxes	\$ 97,207,296	\$112,556,463
Estimated income taxes	209,152,920	232,613,466
Penalty	365,801	342,515
Interest	46,596	58,590
Commonwealth's portion of Sheriff's fees	9,034,967	8,647,963
Commonwealth Attorney's excess collection program fees	<u>107,425</u>	<u>101,811</u>
Total	<u>\$315,915,005</u>	<u>\$354,320,808</u>