



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 18, 2012

Sherman Saunders
Mayor
P. O. Box 3300
Danville, VA 24543

City of Danville

Dear Mr. Saunders:

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, 2011. 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, Sheriff, and Commonwealth's Attorney 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 Sheriff did not maintain sufficient internal control over state funds or comply with state laws and regulations as described below.

Deposit Funds Timely and Assess Allowable Fees

The Sheriff does not deposit funds into his official account timely. In one instance, he kept \$1,000 cash in his safe for a period of five months; in another instance kept \$200 for a partial satisfaction, for 16 days before depositing into his official account. Having cash and checks on hand increases the risk that these funds could be misplaced or lost. The Sheriff should follow the accounting best practices as outlined in the Virginia Sheriff's Accounting Manual, which recommends the Sheriff deposit all collections daily, when receipts total \$200 or more.

Additionally, the Sheriff did not deduct and remit the proper commission on the \$1,000 resulting in a loss to the Commonwealth of \$100. Section 8.01-499 of the Code of Virginia requires the Sheriff collect a ten percent sales commission on each Sheriff's sale for the Commonwealth. The Sheriff should collect allowable fees.

The Commissioner of Revenue did not maintain sufficient internal control over state funds as described below.

Revise Method of Acknowledging Payments Received with Tax Returns

The Commissioner of the Revenue uses a manual cash receipt book to provide taxpayers a receipt when

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receiving a tax return and a taxpayer requests a receipt. This makes it appear the Commissioner is performing certain collections and other duties, which the Treasurer and the Virginia Department of Taxation actually perform. While we commend the Commissioner for wanting to assist taxpayers, the use of a manual receipt book is not the best method.

We recommend the Commissioner immediately stop issuing manual cash receipts. If a taxpayer wants a receipt, the Commissioner should send these taxpayers to the Treasurer's office. If the taxpayer wants some acknowledgement of the receipt of their return, the Commissioner should use another means of providing that information.

We discussed these comments with the Sheriff and Commissioner of Revenue and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Joe King, City Manager
Lynwood L. Barbour, Treasurer
James M. Gillie, Commissioner of the Revenue
Michael S. Mondul, Sheriff
Michael Newman, Commonwealth's Attorney