

CITY OF RICHMOND

REPORT ON COLLECTIONS

OF LOCAL CONSTITUTIONAL OFFICERS

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2010



-TABLE OF CONTENTS-

	<u>Pages</u>
AUDIT LETTER	1-2
TREASURER'S RESPONSE AND CORRECTIVE ACTION PLAN	3-4



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

November 16, 2010

Dwight C. Jones
Mayor
900 East Broad Street, Room 201
Richmond, VA 23219

City of Richmond

Dear Mr. Jones:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Director of Finance, and Sheriff of the locality indicated for the year ended June 30, 2010. 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, Director of Finance, 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:

Perform Monthly Reconciliations and Retain Supporting Documentation

The Treasurer did not perform timely and adequate monthly reconciliations of her accounting records to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts. Timely monthly reconciliations are a significant internal control which is essential for determining the reliability of information. The Treasurer did not retain Department of Taxation Assessment Advice forms for use in the reconciliations. Additionally, the Treasurer's password for access to the Department of Accounts Report Line website had expired so she could not obtain CARS reports for July and August 2010.

The Treasurer should reconcile assessments, collections, and uncollected balances to CARS on a monthly basis as required by Section 58.1-3168 of the Code of Virginia and submit correction requests timely. Proper procedures will ensure complete and accurate recording of tax assessments and collections.

Send Tax Payments Promptly

The Treasurer did not send tax payments to the State Treasurer within one banking day as required by Code of Virginia Section 2.2-806(A). We noted delays of up to one week. The Treasurer should send all tax payments to the State Treasurer as required by the Code of Virginia.

The Sheriff did not comply with state laws and regulations as described below:

Properly Deposit and Remit Sheriff's Fees

The Sheriff delayed remitting sheriff's fees to the City Treasurer. Specifically, the Sheriff did not send fees collected in December 2009 to the Treasurer's office until January 14, 2010. Section 15.2-1609.3 of the Code of Virginia requires the Sheriff to remit fees to the Treasurer on or before the tenth day of the month following collections. The Sheriff should comply with remittance requirements as outlined in the Code of Virginia.

Deposit all Funds with the City Director of Finance for Appropriation

The Sheriff did not deposit the Back to School Program Account and the Community Service Project Account with the city Director of Finance as required by Section 15.2-1615 of the Code of Virginia. Instead, the Sheriff deposited these collections in separate bank accounts and then disbursed the funds without an appropriation from the local governing body. Section 15.2-2506 of the Code of Virginia requires an appropriation for all expenditures.

The Sheriff should transfer these funds to the city Director of Finance and obtain an appropriation from the local governing body for all funds spent and before spending any more of these funds. If the Sheriff does not receive an appropriation from City Council, he should personally reimburse the accounts for amounts spent and send those funds to the city Director of Finance.

We discussed this comment with the Treasurer and Sheriff on November 10, 2010 and we acknowledge the cooperation extended to us during this review. The Treasurer provided us with a formal response which is included on page three of this report.

Sincerely,

Auditor of Public Accounts

WJK: clj

cc: Byron Marshall, Chief Administration Officer
Eunice Wilder, Treasurer
Barbara W. Reese, Director of Finance
Clarence T. Woody, Jr., Sheriff



EUNICE M. WILDER, CPA, MGT
CITY TREASURER

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COMMONWEALTH of VIRGINIA

TREASURER

TO: Commonwealth of Virginia
CITY OF RICHMOND
Auditor of Public Accounts

FROM: Eunice Wilder, Richmond City Treasurer

DATE: September 30, 2010

SUBJECT: July, 2010/June, 2011 Audit Findings

#1

Retention of Required Documentation

The file of hard copies of assessment advice notifications were in fact unavailable and we have yet to locate our folder. I offered to request duplicates from the Department of Taxation, the Auditor indicated she did not need them. September 23rd, I received via email copies of all advice notifications. All of them were in keeping with amounts I had recorded in and reconciled to in the general ledger. I knew the amounts due to duplication of assessed amounts maintained in this office prior to them being forwarded to the Department. The loss of a file is not acceptable and I will continue to be on the lookout for it to show up as misfiled.

#2

Perform Detailed Monthly Reconciliations

I do routinely reconcile with CARS, the assessments are not as timely because the advices are usually later being received and will not have the latest submission until the later of the following month and sometimes the second month following the actual submission. For example, I may routinely receive April's submission in June, or some similar scenario; This happens most often in the busier months of tax season. I am accustomed to this, hence, if all my other information concurs, I know that at a later time when I receive the advice it will agree, because I sent the information to the Department and the supporting documentation is here in the office and in balance.

The May information was one of timing: Backing out one of an advice recorded twice and adding in the monthly assessment which would come later, one to two months later. **I should have had this penciled in on the CARS report and in the general ledger.**

In conclusion, reference to expired password was due to the fact that the procedure and requirements for passwords changed after years of being able to use the same login and password. I was not unable to get reports until I called in to CARS and walked through the new steps at which time I changed the password and pulled down the July and August CARS reports

#3

Remit Tax Payments Timely

I was unaware that remitting tax payments within one banking day was required of any and all amounts of state income tax payments. We accept amounts as low as \$ 5.00 if the taxpayer is showing due diligence. Sometimes we receive one payment in a day. For example, a payment of \$ 10.00 on the 12th did not go to the bank until we included it with other payments on the 18th; another payment of \$ 15.00 was received on the Thursday, May 27th and sent in on Tuesday June 1st, because Monday was a state holiday and we would have to send in an end of the month receipt the following day. We have to send sheriff's fees the next banking day. We also deposit any and all monies received the last day of the month on the next banking day regardless of amount.

Having two people on staff, including myself makes it almost if not impossible to perform this, but I will heed this requirement. I would like to see if I can request some relief on this issue, perhaps on the dollar amount or number of transactions as a depositing point. Is it possible that you might suggest who or what venue I might explore for this action. There are days when there is one person in the office due to illness or vacation. The office is open everyday and we physically deposit funds at the bank. To close the office early in order to make deposits does not appear acceptable. I will attempt to carry this further for some solution.