



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

October 17, 2006

Henry Blessing, Chairman
Board of Supervisors
P. O. Box 510
Bland, VA 24315

Dear Mr. Blessing:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, and Sheriff of the County of Bland 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 Treasurer and Commissioner of Revenue did not maintain sufficient internal controls over state funds as described below.

Reconcile State Taxes to Commonwealth Reports

The Treasurer did not properly reconcile state income tax assessments and uncollected balances 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 reconcile assessments, collections and uncollected balances to these CARS reports monthly. This will ensure complete and accurate reporting of state tax income activity on CARS and the Treasurer's general ledger.

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Properly Reconcile and Report Assessments

The Commissioner of Revenue did not reconcile her daily assessment reports to her monthly recapitulation report as reported to the Department of Taxation. Consequently, the Commissioner of Revenue erroneously reported a total of \$38,725 instead of reporting \$137,746 for March and April 2006 assessments for 2005 state income taxes.

The Commissioner of Revenue should immediately file a corrected monthly assessment for this amount. This will resolve a reconciling item between the county treasurer's general ledger and CARS. In the future, the Commissioner of Revenue should reconcile her daily assessment totals to her monthly assessment totals to ensure the monthly recapitulation report required by Department of Taxation's Agency Rules and Procedures is accurate.

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

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Jonathan D. Sweet, County Administrator
JoAnn Shewey, Treasurer
Cindy U. Wright, Commissioner of the Revenue
Jerry L. Thompson, Sheriff