



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

November 1, 2013

Danny Mann  
Board Chairman  
336 Water Street  
Gate City, VA 24251

County of Scott

Dear Mr. Mann:

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, 2013. 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 Treasurer did not comply with state laws and regulations as described below.

## Promptly Remit Collections

The Treasurer delayed remitting Sheriff's fees and \$65,575 in state income tax payments to the Commonwealth for up to three months. Section 2.2-806(A) of the Code of Virginia requires Treasurers to deposit state income tax payments within one banking day of receipt and Section 2.2-806(B) of the Code of Virginia requires the Treasurer to remit Sheriff's fees weekly, or twice each week when collections exceed \$5,000. The Treasurer should deposit state income tax payments and Sheriff's fees in accordance with the Code of Virginia.

## Properly Remit Sheriff Fees

The Treasurer did not retain the correct amount of Sheriff's fees due to the locality during the audit period as required by Section 15.2-1609.3 of the Code of Virginia. This resulted in the Treasurer over-remitting \$1,084 to the Commonwealth. The Treasurer should withhold the additional \$1,084 from Sheriff's fees collected and remitted during fiscal year 2014. Proper accounting for Sheriff's fees will ensure compliance with Code of Virginia requirements.

### Perform Monthly Reconciliations

The Treasurer did not perform adequate monthly reconciliations of the accounting records to the Commonwealth Accounting and Reporting System (CARS) reports provided by the Department of Accounts. Timely and complete monthly reconciliations are a significant internal control and are essential for determining the reliability of information. 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.

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

### Promptly Report Assessments

The Commissioner of the Revenue delayed reporting 2011 and 2012 state income tax assessments to the Department of Taxation for up to one year. Commissioners of the Revenue who process state income tax returns must report monthly to the Virginia Department of Taxation (Tax) the total amount of returns and payments they accept and process locally. The Commissioner should promptly report state income tax assessments to Tax as required.

We discussed these comments with the Treasurer and Commissioner of the Revenue on November 1, 2013 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM: clj

cc: Kathie Noe, County Administrator  
Mitzi Johnson Owens, Treasurer  
Gary W. Baker, Commissioner of the Revenue  
W. John Puckett, Sheriff  
Marcus F. McClung, Commonwealth's Attorney