



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

November 12, 2010

J. Michael Hobert
Chairman
102 N. Church Street
Berryville, VA 22611

County of Clarke

Dear Mr. Hobert:

We have reviewed the Commonwealth collections and remittances of the Treasurer, Commissioner of the Revenue, 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, the Commissioner of the Revenue and the 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 comply with state laws and regulations as described below.

Properly Input and Calculate Penalty and Interest

The Treasurer did not update penalty and interest information in the automated system for income taxes. The last entry for penalty and interest was for the 2007 state income tax year. The Treasurer's failure to use the correct rates resulted in taxpayers paying higher penalty and interest fees than authorized by the Code of Virginia. The Treasurer should immediately implement procedures to update the automated system promptly with correct penalty and interest rates whenever the Department of Taxation notifies Treasurers of the new rates.

J. Michael Hobert
Chairman
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We discussed this comment with the Treasurer on September 22, 2010 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:shs

cc: David L. Ash, County Administrator
Sharon E. Keeler, Treasurer
Warren A. Arthur, Commissioner of the Revenue
Anthony W. Roper, Sheriff