



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

September 7, 2016

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, 2016. 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 and the Sheriff did not comply with state laws and regulations as described below.

### **Promptly Deposit Sheriff's Fees**

The Sheriff did not promptly deposit funds into an official bank account. Having cash or checks on hand is a risk that could lead to a loss of funds. The Sheriff should follow the best practices outlined in the Virginia Sheriff's Accounting Manual, which recommend the Sheriff deposit all collections in the Sheriff's official bank account either weekly or when collections exceed \$200.

### **Properly Update and Calculate Interest**

The Treasurer did not advise the county's software vendor to update interest information in the automated system for income taxes when the rate increased from five to six percent in April 2016. While the financial impact of this condition was negligible, the Treasurer should have a

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procedure in place to ensure that the interest rate is updated in the system as those updates occur to ensure interest on state income tax is calculated appropriately. The Treasurer should implement procedures to update the automated system promptly with correct interest rates whenever the Department of Taxation notifies Treasurers of new rates.

**Promptly Remit State Collections**

The Treasurer remitted \$1,531 in state income tax payments to the Commonwealth two days late. Section 2.2-806(A) of the Code of Virginia requires Treasurers to deposit state income tax payments within one banking day of receipt. The Treasurer should deposit state income tax payments in accordance with the Code of Virginia.

We discussed these comments with the Treasurer and the Sheriff on September 2, 2016 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

MSM:alh

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