

**CITY OF MARTINSVILLE  
REPORT ON COLLECTIONS  
OF COMMONWEALTH REVENUES  
BY LOCAL CONSTITUTIONAL OFFICERS**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2010**



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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

August 13, 2010

Kim Adkins  
Mayor  
P. O. Box 1112  
Martinsville, VA 24114

City of Martinsville

Dear Mrs. Adkins:

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

## Revise Method of Acknowledging Payments Received with Tax Returns

The Commissioner of the Revenue uses a manual cash receipt book to provide taxpayers a receipt when receiving a tax return and a taxpayer requests a receipt. This makes it appear the Commissioner is performing certain collections and other duties, which the Treasurer and the Virginia Department of Taxation actually perform. While we commend the Commissioner for wanting to assist taxpayers, the use of a manual receipt book is not the best method.

We recommend the Commissioner immediately stop issuing manual cash receipts. If a taxpayer wants a receipt, the Commissioner should send these taxpayers to the Treasurer's office. If the taxpayer wants some acknowledgement of the receipt of their return, the Commissioner should use another means of providing that information.

Kim Adkins  
Mayor  
August 13, 2010  
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We discussed this comment with the Commissioner of the Revenue on August 13, 2010 and we acknowledge the cooperation extended to us during this review. The Commissioner of the Revenue's response is included at the end of this report.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Clarence Monday, City Manager  
Cindy Dickerson, Treasurer  
Ruth L. Easley, Commissioner of the Revenue  
Steve M. Draper, Sheriff



*Office of the Commissioner of the Revenue*  
*Ruth L. Easley, MCR*  
*55 W. Church Street, Room 101 · P.O. Box 1222 · Martinsville, VA 24114*  
*Phone: (276) 403-5131 · Fax: (276) 403-4337*

August 16, 2010

Mr. Walter J. Kucharski, Auditor  
Commonwealth of Virginia Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

Dear Mr. Kucharski:

I have spoken to both the auditor who conducted the annual audit of state income tax returns in the City of Martinsville and her field supervisor regarding the suggestion that I revise the method of acknowledging payments and tax returns that are hand delivered to the Martinsville Commissioner of the Revenue office. The field auditors recommended that my office should immediately stop issuing manual cash receipts.

**Alternative Method of Acknowledging Delivery Confirmation Action Plan**

It appears that the biggest concern with the manual receipts used by the Commissioner of the Revenue office to acknowledge delivery confirmation is that they do have "MONEY RECEIPT" on the face of the carbonless receipt giving the impression that this office is performing a collection duty. To address this concern, but continue to provide a level of internal audit control of delivery confirmation we will utilize a specially printed "DELIVERY CONFIRMATION" book that will provide enough pertinent information for the taxpayer as a delivery confirmation but also provides individual return information so that my staff can track the confirmation in our financial reporting system. If the taxpayer wants a cash receipt for any money that will be transmitted daily to the City Treasurer the taxpayer will be directed to the Treasurer's office for such receipt utilizing the State Forms 559 and 759 that are currently utilized by this office for cash payments that accompany state tax returns.

Sincerely,

Ruth L. Easley  
Commissioner of the Revenue