



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

November 5, 2010

James G. Kennedy  
Chairman  
P.O.Box 8784  
Williamsburg, VA 23187-8784

County of James City

Dear Mr. Kennedy:

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 appropriate internal control over state funds as described below.

## Revise Method of Acknowledging Payments Received with Tax Returns

The Commissioner of 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.

James G. Kennedy  
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We discussed this comment with the Commissioner of the Revenue on November 5, 2010 and we acknowledge the cooperation extended to us during this review.

Sincerely,

Auditor of Public Accounts

WJK:kwv

cc: Robert C. Middaugh, Jr., County Administrator  
Ann Davis, Treasurer  
Richard W. Bradshaw, Commissioner of the Revenue  
Robert J. Deeds, Sheriff