Audit Discovery using APA Data Point

Karen Killian
Business Tax Auditor
James City County

James City County, Virginia

Some screening tools we already have:

- State sales tax reports (if they are selling taxable items, and if/when filed)
- Various state tax monthly reports (such as downloads of Schedule FED – if/when a Schedule C is filed – but not useful for corporations); and
- State income tax returns (if/when filed with our office) (but not for corporations)

Data Point is a unified database of public state information, both summary and detail, including:

- Demographic
- Budgetary
- Revenues
- Expenditures
- Local Government comparative

Compiled from multiple state sources:

- Weldon Cooper (demographics)
- Every state college & university
- Community college system
- Every state agency
- Every state prison, hospital, museum, and park
- Courts

Strengths

- Data are accurate, comprehensive
- Data are not otherwise easily available
- Date are public info – no need to submit written requests
- Data are easy to download into Excel

Weaknesses

TMI! Many hundreds of thousands of payments every year.

Slow: Be patient when searching and downloading.

State-Centric: The data are also organized in a schema that makes sense to State accountants, but few outsiders.

Cannot search by vendor city or ZIP.

When will I use it?

Useful in some situations, such as:

- Business is known by name; and
- Business is located in my locality; and
- Business may be a vendor to the state.

Example 1.

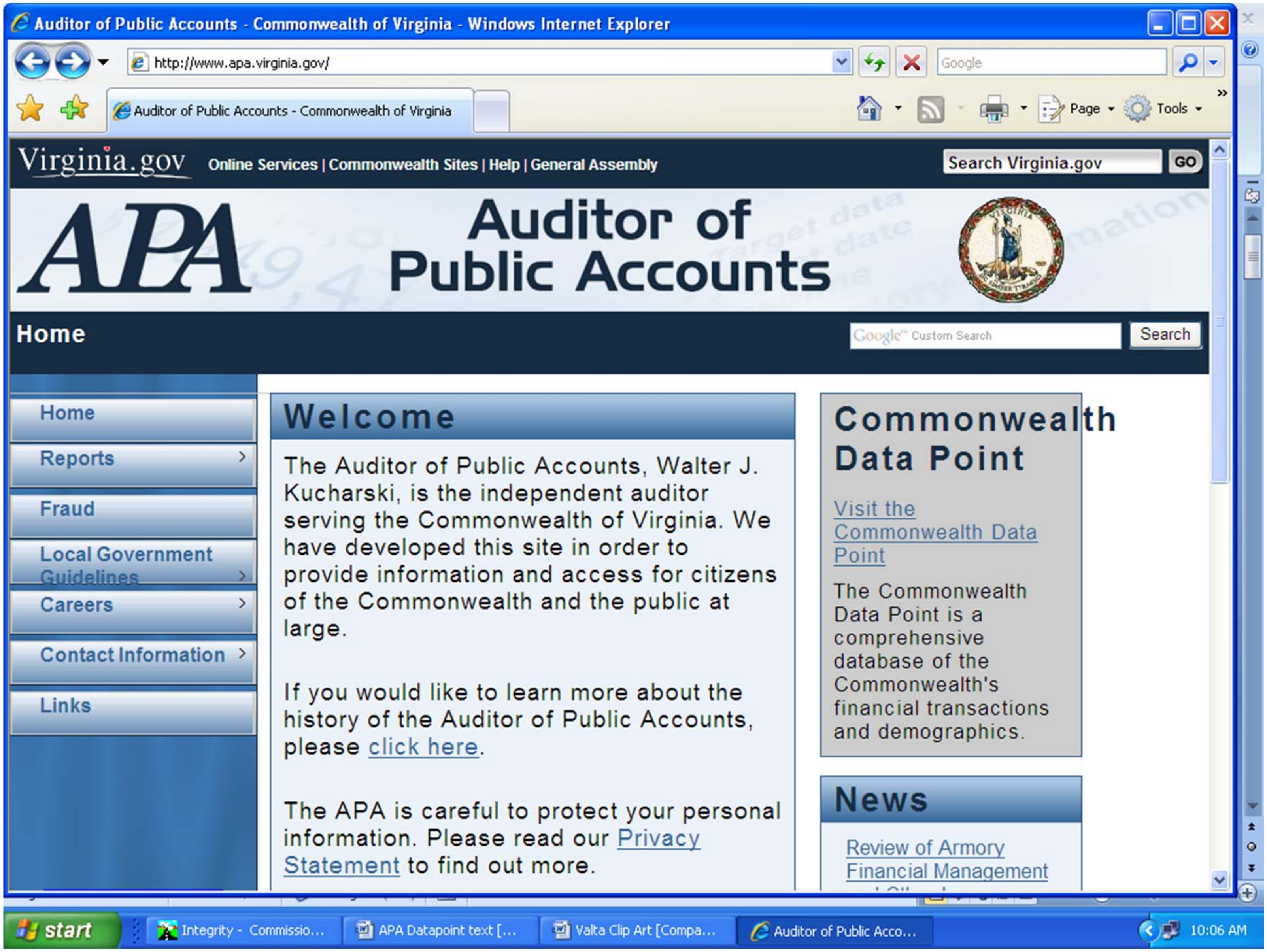
"I have seen trucks belonging to a road maintenance contractor ; they may have situs in my locality. I don't know if they are reporting correctly, or they may not even be licensed at all"

Example 2:

“There is a ‘Consultant’(independent contractor such as a consulting lawyer, engineer, IT professional, or other service provider) located in my locality who may be providing services to a state college, university, court, hospital, or agency.”

Example 3.

“There is a ‘Vendor’ (a supplier of goods) homebased in my locality who may be selling goods to a state college, court, hospital, or agency.”



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The Commonwealth Data Point is a comprehensive database of the Commonwealth's financial transactions and demographics.
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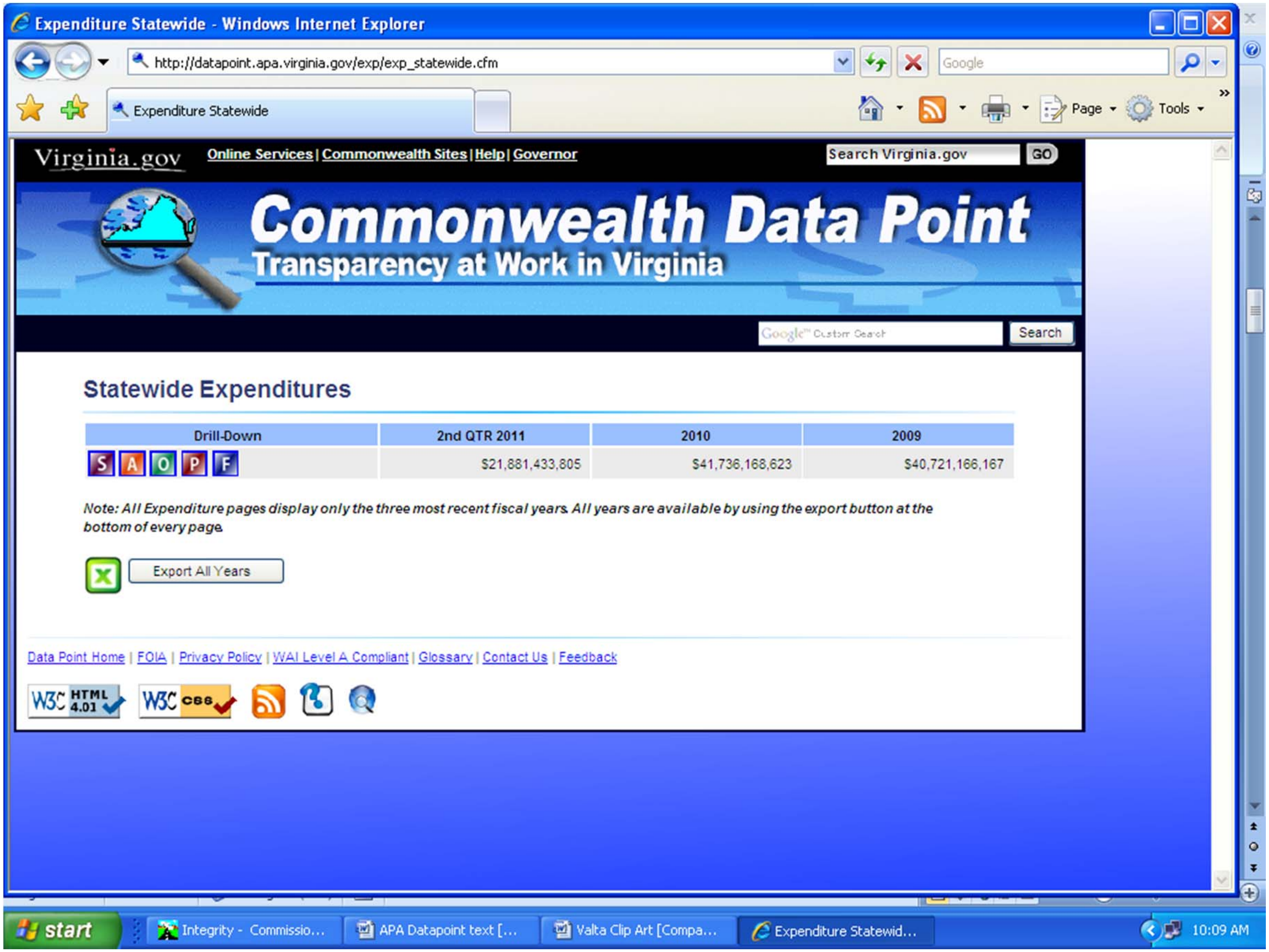
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State Expenditure Categories

Secretariat: State government is organized into 16 Secretariats: for example, Finance or Education.

Agency: every one of about 300 Agencies falls under a Secretariat.

- **Object:** Every payment is described by its Object: Continuous payments, contractual services, equipment, personal services, supplies and materials, and transfer payments.

- **Program:** Every payment is also described by its Program: Capital Outlay, General Government, transfers between agencies, Individual and Family Services, Education, Administration of Justice.

Fund: Finally, every payment is classified according to the fund or source from which it originally came; for example, General Fund, Debt Service, or Federal Trust.

* If you want to know more about the state accounting system, see the Commonwealth Accounting Policies and Procedures (CAPP) manual at www. DOA. Virginia.Gov.

How to Search Data Point


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Search Expenditures on Data Point
Instructions: This search query allows user to search cash payments made by Agency and Object Code for specific fiscal year.
Type in the vendor's name and select the agency,object name, and fiscal year from drop down menu and click Search Button.
It is not necessary to select from the choices but doing so will minimize search time.
Vendor Name:
Agency:
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www.apa.virginia.gov

- Click “Visit the Commonwealth Data Point”
- Click “Search Site”
- Type in beginning of contractor/vendor name
- Type in fiscal year
- Click “Search”

Download your results for each fiscal year into Excel.

Remember to convert data to calendar year totals for your BPOL audit.

Results

Name	Total G/R over 4-Year Period	Total BPOL + penalty	JCC portion	Other Localities' Portion	# Other Localities
Contractor A (licensed, reporting zero every year)	$7,073,928	$12,450	$12,450	$ -	0
Contractor B (not licensed, discovered via vehicle registrations)	108,817,039	191,518	38,456	153,062	15

Richard W. Bradshaw
COMMISSIONER OF THE REVENUE
P O. BOX 283
WILLIAMSBURG, VIRGINIA 23187-0283

Name Date

Subj: Gross Receipts Reporting Discrepancy
Ref. Code of Virginia § 58.1-3700 *et seq*

Dear Business Owner:

A review of County business license records, State expenditure records, and correspondence with other Virginia localities reveals an apparent discrepancy in your gross receipts reporting for the year(s) shown below. This discrepancy may have resulted in inaccurate assessment of your business, professional and occupational license (BPOL) tax.

Gross Receipts, 2005 through 2008

Calendar Year	State Payments to NAME	Gross Receipts Reported to James City County	Variance
2008	$ 25,773,634	$ 5,206,059.00	$ 20,567,575.00
2007	17,082,363	5,134,807	11,947,556.00
2006	13,283,593	4,691,379	8,592,214.00
2005	1,831,043	1,495,734	335,309.00

In order to resolve this discrepancy, please provide documentation that explains and reconciles the difference. Documentation should include a record of business license taxes paid to other Virginia localities, and/or evidence that the State figures are inaccurate.

We are preparing business license billings for the years 2005 through 2009 to reflect this new information. Those assessments may be adjusted if and when the above-described discrepancy is resolved.

You may call me at (757) 253-6877 to discuss the documentation required.

Sincerely,

Example of Letter of Inquiry (LOI)
based on gross receipts
discrepancy revealed by
APA Datapoint figures

Richard W. Bradshaw
COMMISSIONER OF THE REVENUE
P O. BOX 283
WILLIAMSBURG, VIRGINIA 23187-0283
(757) 253-6699

Name
Address

Date

Dear Business Owner:

A review of State tax records reveals a possible discrepancy in the gross receipts reported with your 2010 business license return. This discrepancy may result in inaccurate assessment of your business, professional and occupational license (BPOL) tax:

Earnings Year	Reported to JCC	Per Tax Return	Difference
2009	$ 99,999	$ 1,047,934	$ 947,935

In order to resolve this discrepancy, please provide documentation that explains and reconciles the difference. Documentation should include:

- a record of business license taxes paid to other Virginia localities in 2009 and 2010

In the event no contact has been made by April 2, 2011, we will assume the State data are correct and issue billing(s) for taxes due.

You may call me at (757) 253-6699 with any questions.

Sincerely,

Karen Killian
Business Tax Auditor

Example of Letter of Inquiry (LOI) based on gross receipts discrepancy revealed by IRMS data (may also use permits data)

Questions?