

**CLERK OF THE GENERAL DISTRICT COURT
of the
COUNTY OF CLARKE**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2007 THROUGH MARCH 31, 2008**





Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

October 19, 2008

The Honorable W. Dale Houff
Chief Judge
County of Clarke General District Court
Page GDC, 116 S. Court Street
Luray, VA 22835

Audit Period: January 1, 2007 through March 31, 2008
Court System: County of Clarke

We have audited the cash receipts and disbursements of the Clerk of the General District Court for this locality. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies.

Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

Financial Matters

We noted instances of improper recording and reporting of financial transactions in the Court's financial management system.

Internal Controls

We noted matters involving internal control and its operation necessary to bring to Court management's attention.

Compliance

The results of our tests of compliance with applicable laws and regulations disclosed instances of noncompliance in the Court that are required to be reported.

We acknowledge the cooperation extended to us by the Court during this engagement. The issues identified above are discussed in the section titled Comments to Management.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kmk

cc: The Honorable Norman deV. Morrison, Judge
Monica A. Christian, Clerk
Paul DeLosh, Director of Technical Assistance
Supreme Court of Virginia

COMMENTS TO MANAGEMENT

Internal Controls and Compliance

We noted the following matters involving internal control and its operation that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability. These tests also resulted in instances of the Clerk's noncompliance with applicable laws and regulations disclosed the following.

Improve Accounts Receivable Management

The Clerk needs to improve procedures for establishing, monitoring and collecting Court receivables. Auditors found that the Clerk and her staff did not properly assess and collect fines, court-appointed attorney fees, and public defender fees involving local and state charges as required by Section 19.2-340 of the Code of Virginia. Auditors also found that the Clerk changed defendant account receivable records without the proper supporting documentation and that the Clerk does not properly handle all cases appealed to the Circuit Court.

Specifically, we noted the following.

Properly Assess Fees, Fines and Costs

Auditors tested fifty-eight (58) cases and noted errors in twenty-nine of those cases tested.

- In eleven cases, the Clerk did not properly assess the jail, tried-in-absence, courthouse security, traffic, and misdemeanor fees.
- In four instances, the Clerk did not bill the locality for the court-appointed attorney, resulting in a loss of \$420 to the Commonwealth.
- In eight instances, the Court incorrectly recorded cases as either a local or state charge, resulting in a \$1,375.00 loss to the Commonwealth.
- In one instance, the Court did not assess the defendants for court-appointed attorney fees, resulting in a loss of \$120 to the locality.
- In one instance, the Court overcharged the defendant by \$240 in public defender fees when proper documentation indicated \$120 in public defender fees.
- In three instances, the Court incorrectly assessed the amount of the fines, resulting in a loss of revenue to the Commonwealth.

Lack of Proper Documentation

- In thirteen instances, updates and modifications were made to account receivable records, removing costs or changing payment due dates, with no authorizing documentation.

- In three instances, payment agreements were either improperly established for defendants due to lack of documentation or were incorrectly set up in the financial system based on existing documentation.

Cases Appealed to Circuit Court

- In three instances, the Clerk failed to document and carry-forward the General District Court costs for cases appealed to the Circuit Court. Section 19.2-335 of the Code of Virginia requires the District Court to certify all Court costs in appeals cases. Failure to do so could result in a significant loss of revenue to the Commonwealth.
- In one instance, auditors found documentation of a case appealed to the Circuit Court, but the defendant's computer system record did not reflect the change in circumstance.

The Clerk should review all similar cases to identify and correct any errors. The Clerk should then bill the locality for any funds due to the Commonwealth. Additionally, the Clerk should review assessment procedures and the Supreme Court's current fee schedule with her staff to ensure an understanding of procedures and responsibilities; and when practical, attend periodic regional training meetings.