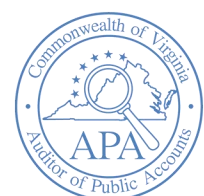




LLEZELLE A. DUGGER  
CLERK OF THE CIRCUIT COURT  
FOR THE  
CITY OF CHARLOTTESVILLE

REPORT ON AUDIT  
FOR THE PERIOD  
APRIL 1, 2013 THROUGH SEPTEMBER 30, 2014

Auditor of Public Accounts  
Martha S. Mavredes, CPA  
[www.apa.virginia.gov](http://www.apa.virginia.gov)  
(804) 225-3350



## COMMENTS TO MANAGEMENT

We noted the following matters involving internal control and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

### **Reconcile Bank Statements (Repeat Finding)**

The Clerk did not reconcile the court's bank account during the audit period. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. The Clerk should reconcile system balances to the bank statement monthly and resolve all differences immediately.

### **Properly Bill and Collect Court Fines and Costs (Repeat Finding)**

The Clerk and her staff did not properly bill and collect court fines and costs, resulting in a loss of revenue to the Commonwealth and the locality. In 13 of 31 cases tested, we noted the following errors.

- Fines and costs totaling \$2,287 were not charged to defendants.
- Defendants were overcharged a total of \$778 in court costs.
- Two cases were updated in the court's system as being 'dismissed'; however, there were no court orders dismissing the cases.

The Clerk should correct these specific cases noted above. Further, the Clerk should work with her staff to ensure they understand the billing and collection requirements and establish procedures to review her staff's work in order to minimize these types of errors.

### **Properly Receipt and Collect Civil Fees and Manage Case Filings**

The Clerk did not promptly receipt checks for civil case filings, enter new civil filings in the Court's Financial and Case Management Systems, or issue service for court dates, resulting in plaintiffs having to refile civil actions. In addition, the Clerk did not consistently assess civil fees correctly or set up civil cases in the Court's Case Management System with the correct filing type.

The Clerk should begin receipting fees and entering civil actions in the Court's Financial and Case Management Systems immediately upon receipt using the correct filing type and preparing service for court dates in a timely manner.

### **Promptly Receipt Tax Set Off Funds**

The Clerk did not promptly record \$238 received from the Department of Taxation in the Court's Financial Management System. The check was deposited in the bank on June 17, 2014, but was not posted to the Court's Financial Management System until December 3, 2014.

The Clerk should promptly record all funds received in the Financial Management System.

**Properly Handle State Probate and Recordation Taxes**

The Clerk inappropriately refunded overpayments of state probate and state recordation taxes totaling \$1,436. The Clerk does not have the authority to refund these taxes as this is the responsibility of the State Tax Commissioner since the taxes are state taxes administered by the Virginia Department of Taxation.

The Clerk should refer to section Title 58.1 of the Code of Virginia and Chapter 10 of the Financial Management User's Guide for guidance on the process of assisting customers in obtaining refunds of probate and recordation taxes.

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Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 2, 2015

The Honorable Llezelle A. Dugger  
Clerk of the Circuit Court  
City of Charlottesville

Satyendra Singh Huja, Mayor  
City of Charlottesville

Audit Period: April 1, 2013 through September 30, 2014  
Court System: City of Charlottesville

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. 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.

We noted matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response or written corrective action plan to remediate these matters provided by the Clerk will be included as an enclosure to this report.

The Clerk has taken adequate corrective action with respect to the internal control findings reported in the prior year that are not repeated in this letter.

We discussed these comments with the Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:alh

cc: The Honorable Timothy K. Sanner, Chief Judge  
The Honorable Richard E. Moore, Judge  
Maurice Jones, City Manager  
Robyn M. de Socio, Executive Secretary  
Compensation Board  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia  
Director, Admin and Public Records  
Department of Accounts

**CIRCUIT COURT  
CITY OF CHARLOTTESVILLE**  
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CLERK

**David A. Schmidt**  
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**Gwendolyn T. Williams**  
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DEPUTY CLERKS

February 2, 2015

Martha Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

RE: City of Charlottesville Audit Response & Corrective Action Plan  
Audit Period: April 1, 2013 through September 30, 2014

Dear Ms. Mavredes,

This is my response and Corrective Action Plan for each of the areas listed in my 2013-2014 Audit.

\*\*\*\*\*

**I. Reconcile Bank Statements**

I will set aside one (1) to two (2) hours each day to go over the financial statements of my office and deal with any financial issues that come up on a daily basis. While this means not as much flexibility with assisting members of the public, it is absolutely necessary to have quiet and uninterrupted time to accurately and timely complete reconciliations.

**II. Properly Bill and Collect Court Fines and Costs**

My Deputy Clerks who handle criminal matters will go through additional training, both through the Supreme Court as well as internally in our office, so that they can get a further understanding of the myriad of fines and costs that must be assessed consistently in all criminal cases.

In addition, my office is drafting a Chart of Charges that will be used as a quick reference guide by my Deputy Clerks. Any Chart of Charges developed will be reviewed each time changes are made by the General Assembly on the different amounts of fines and costs.

Finally, assessments of fines and costs will be reviewed by my Deputy Clerk assigned bookkeeping and accounting duties. In addition, my Chief Deputy Clerk will provide additional review and oversight of this area and will report directly to me any concerns or issues that come up in the course of his review.

### **III. Properly Receipt and Collect Civil Fees and Manage Case Filings**

This issue has been resolved.

In addition, the Deputy Clerk now handling the area where most of the issues were noted has been fully trained on the correct procedure for receipting, collecting, and managing these civil files.

### **IV. Promptly Receipt Tax Set Off Funds**

This matter has been addressed and corrected.

### **V. Properly Handle State Probate and Recordation Taxes**

When it was clear taxes were overpaid, I contacted the Department of Accounts to ask how refunds should be handled. I refunded the overpaid taxes as instructed.

While this procedure got the overpaid taxes back to the customer sooner and with less paperwork, I now understand that I cannot refund overpaid probate and recordation taxes in that manner. In the future, I will assist our customers in the proper procedure for demanding overpaid taxes back from the state and the locality.

\*\*\*\*\*

In closing, I would like to thank Bonnie Patterson, John Rutan, and Linda Gray for their continued assistance and patience as I continue my quest to be the best Clerk of Court I can be. Their professionalism and kindness is much appreciated.

Sincerely,



Llezelle Agustin Dugger  
Clerk of Court, City of Charlottesville