



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

April 9, 2013

The Honorable Robert G. Woodson, Jr.  
Chief Judge  
County of Prince Edward General District Court  
P.O. Box 24  
Cumberland, VA 23040

The Honorable S. Anderson Nelson  
Chief Judge  
County of Prince Edward Juvenile and Domestic Relations District Court  
P.O. Box 340  
Boydton, VA 23917

Audit Period: July 1, 2011 through June 30, 2012  
Court System: County of Prince Edward  
Judicial District: Tenth

We are performing a statewide audit of the Combined General District Courts. During our review of this court, we conducted certain audit procedures, as we deemed appropriate.

Management of this court is an important part of the court's accountability, since you are responsible for establishing and maintaining internal controls and complying with applicable laws and regulations. During our review, we noted certain matters that required management's attention and corrective action. These matters included:

## Improve Accounting Procedures and Internal Controls

The Clerk should improve the accounting procedures and internal controls in her office. We noted the following conditions during our audit:

- The Clerk cannot prepare her monthly bank reconciliation without assistance from the Office of the Executive Secretary of the Supreme Court of Virginia. For eight out of twelve months of the audit period, the Supreme Court of Virginia prepared the Clerk's bank reconciliation. The Clerk attempted to prepare the remaining four bank reconciliations; however, only two were properly prepared and accurate. 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. We recommend the Clerk request additional training in preparing the monthly bank reconciliation.

- The Clerk did not properly secure the change fund and has not performed periodic counts to ensure the change fund is intact. During our audit, we performed a surprise cash count of the change fund and detected a \$9.40 shortage. We recommend the Clerk secure the entire change fund in the safe, limit access to the safe, and perform weekly cash counts to ensure the change fund is intact.
- The Clerk held excess credit card surcharge fee collections of \$11,226 in account code 407, rather than depositing them with the State Treasurer. The courts collect a fee when defendants pay their fines and cost with credit cards to cover surcharges. The Clerk pays the surcharge fee monthly when they receive their credit card statement. The Financial Management System User's Guide requires clerks to maintain an average of three months of surcharge payments in the credit card surcharge account. An analysis of the surcharge payments for the past fiscal year found the average three month balance to be \$1,000 and the clerk had \$ 12,226. We recommend the clerk deposit the excess credit card surcharge fees to the State Treasurer.
- The Clerk does not promptly allocate Tax Set-Off Funds to individual accounts. The Clerk had undistributed Tax Set-Off monies received in June 2012 and July 2012 totaling \$1,241. These funds were not allocated until February 2013. The Clerk's failure to allocate these funds may have caused continued collection activity on paid accounts. The Clerk must promptly credit the appropriate defendant's accounts receivable in accordance with the Supreme Court of Virginia and Department of Taxation guidelines when Tax Set-Off Funds are received.
- The Clerk allows a court employee to use her personal and confidential sign-on and password to the courts automated financial system to perform bookkeeping duties. Specifically, we noted a Deputy Clerk utilizing the Clerk's sign-on and password to perform an electronic disbursement of state funds. Sharing of sign-on's and passwords results in the inability to determine responsibility for transactions entered into the financial system. The Clerk should immediately discontinue this practice and ensure all staff that need access to the financial system are assigned an individual sign-on and password.

The Clerk should address the conditions noted and institute the proper procedures and internal controls going forward to ensure these issues are addressed.

#### Properly Bill and Collect Court Costs

The Clerk and her staff did not properly bill and collect court costs. The auditor noted the following errors.

- In eight local cases, the Clerk improperly billed the State rather than the locality for court-appointed attorney fees of \$960. Additionally, the Clerk miscoded the court-appointed attorney fees of \$120 as state court-appointed attorney fees instead of local court-appointed attorney fees.

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- In two cases, the Clerk erroneously classified state charges as local charges. Additionally, the Clerk improperly assessed the court-appointed attorney fee of \$240 as local instead of state.
- In one case, the defendant retained his own attorney; however, the Clerk billed that defendant for court-appointed attorney fees of \$120.
- In one case, the defendant withdrew his appeal to the Circuit Court but the Clerk failed to assess the defendant's account for the District Court fines and costs, totaling \$91.
- In one case, the Clerk assessed the defendant \$120 in court-appointed attorney fees when the judge approved attorney fees of \$270.

The Clerk should correct these specific cases noted above. Further, the Clerk should work with her staff to ensure they understand the billing and collecting requirements and, if necessary, request additional training from the Office of the Executive Secretary of the Supreme Court of Virginia.

We acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:alh

cc: The Honorable Marvin H. Dunkum, Judge  
Donna O. Ennis, Clerk  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia