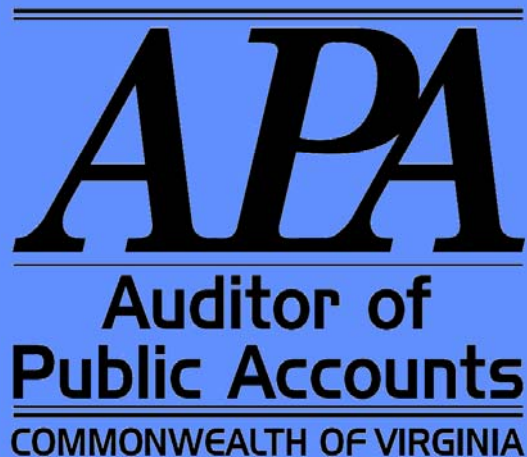


**TINA E. SINNEN
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF VIRGINIA BEACH**

**REPORT ON AUDIT
FOR THE PERIOD
OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009**



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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

February 8, 2010

The Honorable Tina E. Sinnen
Clerk of the Circuit Court
City of Virginia Beach

City Council
City of Virginia Beach

Audit Period: October 1, 2008 through September 30, 2009
Court System: City of Virginia Beach

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.

Financial Matters

We noted no instances of improper recording and reporting of financial transactions in the Court's financial management system.

Internal Controls

We noted no matters involving internal control and its operation necessary to bring to management's attention.

Compliance

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

The issues identified above are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these issues provided by the Clerk are included as an enclosure to this report.

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

WJK:alh

cc: The Honorable Frederick B. Lowe, Chief Judge
James K. Spore, 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

COMMENTS TO MANAGEMENT

Compliance

The results of our tests of compliance with applicable laws and regulations disclosed the following instances of noncompliance.

Properly Collect Fees

The Clerk improperly collected fees of at least \$570 for the management of invested funds deposited in her care. Clerks are responsible for holding numerous types of funds until further order of the court; however, clerks can only collect fees for investing funds held pursuant to Section 8.01-600 of the Code of Virginia.

To assist clerks in identifying accounts where fees are appropriate, the Supreme Court's financial management system provides for the classification of funds according to individual case types. During the last audit, we discussed with the Clerk the benefits of using this feature to prevent taking fees in error.

The Clerk had not implemented this correction and needs to refund the set up fees of \$570 to the various funds under her control. Additionally, the Clerk should determine if any fees taken for disbursements need to be refunded. Since our audit, the clerk has re-classified these accounts, and we recommend she continue efforts to return funds as appropriate.

Office of the Clerk of the Circuit Court

JUDICIAL CENTER - BUILDING 10B
2425 NIMMO PARKWAY
VIRGINIA BEACH, VIRGINIA
23456-9017

TINA E. SINNEN
CLERK

February 1, 2010

Katherine St. Lawrence
Senior Specialist / Team Leader Hampton Roads
Auditor of Public Accounts - Judicial Systems
5575 Campus Drive
Va Beach VA 23462

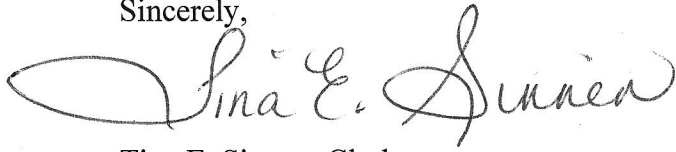
Re: Amendment to response for final version of 2009 Audit

Dear Katherine:

While we concur that your finding is correct, we would like to point out that the mis-classification of these funds did not, in fact, lead to a loss of revenue. The mis-classification actually lead to this office charging a \$10 fee that we should not have charged to open and close these accounts. I would also like to comment that while we do follow the FMS manual to the best of our ability, the system itself does not provide the classification of funds unless the funds are specifically placed in a certain account code, in other words, it is not technologically seamless. And, the manual itself is unclear and truly does not set out the specific cases that do not adhere to §8.01.600 of the Code of Virginia, such as monies being decided in a divorce matter, or monies that truly do not belong in this code section but are referred to in a Court Order by this code section. Since the audit, we have had meetings with the Supervisors of the Civil Departments, as well as the bookkeeping staff, about properly classifying accounts labeled "trust funds" so that only fees eligible pursuant to this code section shall be collected. Currently it does appear that invested funds are being classified as "trust funds" which should not be classified as such. I believe this has been done over the years because the deputies classifying the funds do not understand the difference between the classification of "invested" funds and "trust" funds, and that due to time restrictions, it has been quicker and easier to just label them all as trust funds and collect the \$10 fee to open and close - they don't quite understand that we can charge an incapacitated person and an infant the \$10 fee, but we cannot charge someone arguing in a divorce matter a \$10 fee.

As I have stated, we have had several meetings, and hopefully we have corrected this matter, and the bookkeeping staff is in the process of re-classifying these accounts as recommended. I would like to apologize for this \$570.00 error, and also note that we collect millions of dollars in fees each year, and we do our best to collect it within the letter of the laws of Virginia.

Sincerely,

A handwritten signature in cursive script that reads "Tina E. Sinnen". The signature is written in dark ink and is positioned below the word "Sincerely,".

Tina E. Sinnen, Clerk
Virginia Beach Circuit Court

TES