

**VIRGINIA DISTRICT COURTS
STATEWIDE REPORT**

**REPORT ON AUDITS
COMPLETED DURING THE PERIOD
JULY 1, 2001 THROUGH JUNE 30, 2002**



AUDIT SUMMARY

In our audits of the District Courts completed during the period July 1, 2001 through June 30, 2002, we identified the following three findings that we consider statewide issues that are common to several district courts.

- Improve Understanding of Accounting Procedures
- Improve Accounts Receivable Management
- Reconcile Bank Accounts

Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or providing training to help specific courts improve. In addition, the Executive Secretary should consider including these issues when conducting statewide training for all district courts.

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December 2, 2002

The Honorable Mark R. Warner
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We are pleased to submit our statewide report on the Virginia District Court System for those audits we completed during the period July 1, 2001 through June 30, 2002. The Supreme Court operates the District Court System subject to the Chief Justice of the Supreme Court's administrative supervision. The Virginia District Court System includes all General District Courts, Juvenile and Domestic Relations District Courts, and Combined District Courts in the Commonwealth of Virginia.

Our audits determined whether court officials have maintained accountability over collections, established internal controls, and complied with state laws and regulations. We used a risk-based audit approach for district courts that assesses risk for each individual court to determine the amount of testing we would perform. We had findings in 16 of the 203 district courts audited during the period.

This report summarizes the findings from our audits that we consider statewide issues that were common to several district courts. Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or provide training to help these offices improve. In addition, the Executive Secretary of the Supreme Court periodically holds training for all district courts and should consider emphasizing these matters during future training sessions.

- Improve Understanding of Accounting Procedures
- Improve Accounts Receivable Management
- Reconcile Bank Accounts

We discuss these findings in the "Statewide Internal Control and Compliance Issues" section of this report.

AUDITOR OF PUBLIC ACCOUNTS

JMS:cam
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STATEWIDE INTERNAL CONTROL AND COMPLIANCE ISSUES

A majority of our findings in the district courts system focus on the court's lack of strong accounting and internal control procedures in various areas of daily office operations. We have included a summary discussion of the three statewide issues below.

Improve Understanding of Accounting Procedures

Some district court clerks lack a sufficient understanding of accounting procedures. This lack of understanding prevents clerks from thoroughly reviewing and detecting errors and omissions in their courts' accounting procedures and financial reports. As a result, we found non-refunded overpayments, incomplete daily cash reconciliation worksheets, untimely recordation of daily bank deposits in the court's financial management system, undistributed restitution, garnishments, and unclaimed property, incorrect case information, and incorrect account balances.

A good understanding of accounting procedures provides clerks with the ability to perform proper and thorough reviews of office activities. These reviews help ensure the court's financial management system accurately reflects the court's daily activities. Clerks should ensure that they, as well as their staff, have a good understanding of accounting procedures in order to help minimize errors and establish a good system of internal controls. Both clerks and staff may obtain this knowledge by thoroughly reviewing the district court accounting manuals issued by the Office of the Executive Secretary of the Supreme Court; by attending the various training courses, conferences, and seminars sponsored by the Supreme Court; and by requesting technical assistance visits from the Supreme Court.

This issue was noted at the following courts:

Chesterfield General District Court
Dinwiddie County Combined District Courts
New Kent County General District Court
Powhatan County Combined District Courts
Surry County Combined District Courts

Improve Accounts Receivable Management

Clerks routinely change payment due dates or other account information prior to receiving required supporting documentation. In some instances, clerks could not provide any supporting documentation for the due date or other changes made in the court's financial management system. If defendants cannot pay their fines and court costs within 15 days of sentencing, Section 19.2-354 of the Code of Virginia requires a court order or payment agreement. If a defendant does not enter into a payment agreement, unless the court issues an order to the contrary, the clerk may request that the Division of Motor Vehicles suspend the defendant's driver's license. Clerks circumvent this payment mechanism when they alter fines and costs, due dates, or other information without a court order or a time to pay agreement. Improper changes to individual accounts hinder collection efforts and could also result in loss of revenue for the Commonwealth.

This issue was noted at the following courts:

Augusta County General District Court
Chesterfield County General District Court
Fairfax County General District Court
New Kent County General District Court
Richmond City – Manchester General District Court
Stafford County Juvenile and Domestic Relations Court
Warren County General District Court

Reconcile Bank Accounts

Some clerks do not reconcile their bank accounts or daily collections to the court's automated financial system in a proper and timely manner. Specifically, we found that some bank accounts had not been reconciled for up to 12 months, or when accounts were reconciled, there were unresolved reconciling items, or inadequate documentation for reconciling items. We also noted that clerks do not properly reconcile collections to the actual cash on hand as part of their daily closing procedures.

Proper and timely reconciliations help identify errors and promote timely correction of those errors so that the court's financial management system properly reflects the court's activities. Clerks who need training or other assistance should contact the Supreme Court's technical assistance team.

This issue was noted at the following courts:

Augusta County General District Court
Brunswick Combined District Courts
Montgomery County General District Court
New Kent County General District Court
Surry County Combined District Courts

APPENDIX 1

DISTRICT COURT AUDITS

This Appendix is a listing of those General District, Juvenile and Domestic Relations, and Combined General District courts that we audited during the period July 1, 2001 through June 30, 2002.

General District Courts*	Juvenile and Domestic Relations Courts	Combined General District Courts*
Accomack County	Accomack County	Alleghany County
Albemarle County	Albemarle County	Amelia County
City of Alexandria	City of Alexandria	Bath County
Amherst County	Amherst County	Bland County
Appomattox County	Appomattox County	Botetourt County
Arlington County	Arlington County	Brunswick County**
Augusta County**	Augusta County	Buchanan County
Bedford County	Bedford County	Buckingham County
City of Bristol	City of Bristol	City of Buena Vista
Campbell County	Campbell County	Carroll County
Caroline County	Caroline County	Charles City County**
Charlotte County	Charlotte County	City of Colonial Heights
City of Charlottesville	City of Charlottesville	Craig County
City of Chesapeake	City of Chesapeake	Culpeper County
Chesterfield County**	Chesterfield County	Cumberland County**
Clarke County	Clarke County	Dickenson County
City of Danville	City of Danville	Dinwiddie County**
City of Fairfax	Fairfax County	City of Emporia
Fairfax County**	Fauquier County	Essex County
Fauquier County	Franklin County	Floyd County
Franklin County	Frederick County	Fluvanna County
Frederick County	City of Fredericksburg	City of Franklin
City of Fredericksburg	Gloucester County	City of Galax**
Gloucester County	Halifax County	Giles County
Halifax County	City of Hampton	Goochland County
City of Hampton	Hanover County	Grayson County
Hanover County	Henrico County	Greene County
Henrico County	Henry County	Greensville County
Henry County	Isle of Wight County	Highland County
Isle of Wight County	James City/Williamsburg	City of Hopewell
James City/Williamsburg	King & Queen County	King George County
King & Queen County	King William County	Lee County
King William County	Lancaster County	Louisa County
Lancaster County	Loudoun County	Lunenburg County
Loudoun County	City of Lynchburg	Madison County
City of Lynchburg	City of Martinsville	Northampton County
City of Martinsville	Mathews County	Nottoway County
Mathews County	Mecklenburg County	Orange County
Mecklenburg County	Middlesex County	Powhatan County**
Middlesex County	Montgomery County	Prince Edward County
Montgomery County**	Nelson County	Prince George County
Nelson County	New Kent County	City of Radford
New Kent County**	City of Newport News	Rappahannock County

APPENDIX 1 DISTRICT COURT AUDITS

General District Courts (Cont'd)	Juvenile and Domestic Relations Courts (Cont'd)	Combined General District Courts (Cont'd)
City of Newport News Criminal Division	City of Norfolk	Richmond County
City of Newport News Civil Division	Northumberland County	Rockbridge County
City of Newport News Traffic Division	Page County	Russell County
City of Norfolk Civil Division	Patrick County	City of Salem
City of Norfolk Criminal Division	City of Petersburg	Scott County
City of Norfolk Traffic Division	Pittsylvania County	Southampton County
Northumberland County	City of Portsmouth	Surry County**
Page County	Prince William County**	Sussex County
Patrick County	Pulaski County	
City of Petersburg	City of Richmond	
Pittsylvania County	City of Roanoke	
City of Portsmouth	Roanoke County	
Prince William County	Rockingham County	
Pulaski County	Shenandoah County	
City of Richmond Civil Division	Smyth County	
City of Richmond Criminal Division	Spotsylvania County	
City of Richmond - Manchester**	Stafford County**	
City of Richmond Traffic Division	City of Staunton	
City of Roanoke	City of Suffolk	
Roanoke County	Tazewell County	
Rockingham County	City of Virginia Beach	
Shenandoah County	Warren County	
Smyth County	Washington County	
Spotsylvania County	City of Waynesboro	
Stafford County	Westmoreland County	
City of Staunton	City of Winchester	
City of Suffolk	Wise/Norton City	
Tazewell County	Wythe County	
City of Virginia Beach	York County	
Warren County**		
Washington County		
City of Waynesboro		
Westmoreland County		
City of Winchester		
Wise/Norton City		
Wythe County		
York County		

* - Magistrate audits were performed in conjunction with Combined General District Court audits and General District Court audits. We completed magistrate audits in all 32 Judicial Districts during the period July 1, 2001 through June 30, 2002.

** - Denotes court audits with one or more findings.

COMMITTEE ON DISTRICT COURTS

Honorable H. Thomas Padrick, Jr., Judge, Chairman

Honorable R. Larry Lewis, Judge

Honorable Philip Trompeter, Judge

Honorable Henry L. Marsh III

Honorable Kenneth W. Stolle

Honorable Walter A. Stosch

Honorable Malfourd W. Trumbo

Honorable James F. Almand

Honorable William J. Howell

Honorable Terry G. Kilgore

Honorable Lacey E. Putney

OFFICIALS

Honorable Harry L. Carrico, Chief Justice of the Supreme Court of Virginia

Robert N. Baldwin, Executive Secretary

Office of the Executive Secretary of the Supreme Court of Virginia