

**VIRGINIA CIRCUIT COURTS
STATEWIDE REPORT**

**REPORT ON AUDITS
DURING THE PERIOD
JULY 1, 2007 THROUGH JUNE 30, 2008**



AUDIT SUMMARY

We have completed our Clerk of Circuit Court audits covering fiscal period July 1, 2007, through June 30, 2008. During our audits, we identified the following two findings that we consider statewide issues that are common to several Circuit Courts. These findings represent failures in either internal controls or compliance requirements.

- Improve Debt Set-off Procedures
- Monitor and Disburse Liabilities

Statewide issues are those internal control findings or compliance issues that the Circuit Court Clerks' Association should consider as future training topics.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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December 15, 2008

The Honorable Timothy M. Kaine
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

The statewide report on the **Virginia Circuit Court System** represents the results of audits conducted of various courts and covers fiscal period July 1, 2007, through June 30, 2008. Our audits determine whether the Clerks of the Circuit Court have maintained accountability over collections, follow established internal controls, and complied with state laws and regulations. We used a risk-based audit approach for Circuit Courts that assessed risk for individual courts to determine the amount of testing we would perform.

During this period, we conducted 90 Clerks of Circuit Court audits and an additional 17 turnovers of Clerk assets; and noted findings in 17 offices. We previously communicated findings for individual Circuit Court audits to the appropriate Clerks of the Circuit Court, Chief Judges, local governing bodies, and the Executive Secretary of the Supreme Court. At the time we issue each report with findings, the Clerk of the Circuit Court had the opportunity to submit their corrective action plan stating what action the Clerk would take to remediate the finding. We include these responses in the final audit report for each court.

This report summarizes the findings from our individual audits that we consider statewide issues that are common to several Clerks' offices. Statewide issues are those internal control findings or compliance issues that the Circuit Court Clerks' Association should consider as future training topics.

We identified the following two findings that we consider statewide issues common to several Circuit Courts:

- Improve Debt Set-off Procedures
- Monitor and Disburse Liabilities

We have included a further discussion of each of these statewide findings in the Statewide Internal Control and Compliance Issues section of this report.

In accordance with the provisions of Item 64 (I) of Chapter 847 of the 2007 Acts of the Assembly, we found that the following Clerks had internal control findings repeated for two consecutive audit periods. We continue to conduct audits and provide the Compensation Board any additional Clerks who have repeated findings for two consecutive audit periods.

OFFICES HAVING REPEATED FINDINGS

City of Petersburg
County of Powhatan
City of Salem

Although there are three Clerks' audits with internal control findings repeated for two consecutive audit periods, this represents a reduction from previous years. We believe that the actions of the General Assembly have had the intended results of correcting internal controls.

This report is for the information of the Governor and General Assembly, court management, and the citizens of the Commonwealth of Virginia and is a public record. We discussed the findings contained in this report with court management at the completion of our individual Clerk's office audits during the period.

AUDITOR OF PUBLIC ACCOUNTS

WJK/kmk
alh:9

STATEWIDE INTERNAL CONTROL AND COMPLIANCE ISSUES

We identified the following two findings that we consider statewide issues common to several Circuit Courts. These findings are failures to exercise adequate internal controls or failures to follow documented compliance requirements.

Improve Debt Set-Off Procedures

Some Clerks do not properly participate in the Department of Taxation's automated accounting system, also known as the Integrated Revenue Management System (IRMS), as required by Section 58.1-521 of the Code of Virginia. Many Clerks failed to obtain the proper certification and training necessary to implement the system; while others neglected to actively participate after obtaining certification.

We noted debt set-off issues at the following Clerk of Circuit Court offices:

Dickenson	King George
Fredericksburg	Northumberland
Grayson	

Clerks should make every effort to assist in the collection of fees, fines and other costs on behalf of the local government and the Commonwealth of Virginia. Lack of participation in the IRMS program greatly undermines the Court's ability to collect unpaid fees, fines and other costs; and results in a loss of revenues to both the local government and the Commonwealth of Virginia.

Monitor and Disburse Liabilities

Some Clerks do not properly monitor or promptly disburse liabilities such as civil and criminal bonds and unclaimed properties. Specifically, we identified the following weaknesses:

- Some Clerks were unnecessarily holding condemnation, restitution, and civil or criminal bonds. Section 58.1-3177 of the Code of Virginia provides that the Clerk may be personally liable for any loss of income for failing to pay out money so ordered by the court within 60 days of a court order. In some cases, a Clerk's failure to properly disburse liabilities could result in a substantial personal liability.
- Some Clerks failed to remit unclaimed property as required by Section 55-210.9 of the Code of Virginia. Clerks should review all liabilities and outstanding checks annually and report and escheat amounts over one year old to the State Treasurer. Clerks can be personally liable for interest and penalties for failing to send eligible property to the Division of Unclaimed Property.

We noted liabilities issues at the following Clerk of Circuit Court offices:

Dickenson	Petersburg
Fairfax	Powhatan**
Grayson	Shenandoah

**Indicates repeat finding from prior year's audit

Clerks should monitor liability accounts and promptly disburse these funds upon conclusion of the cases. Clerks should also send any unclaimed property to the Division of Unclaimed Property after applying due diligence procedures.

APPENDIX

The following lists show those Circuit Court audits completed since the last summary report was issued and through June 30, 2008, audit end dates.

June 2007 Audit End Date

Bath	Floyd	Nelson
Caroline	Giles	New Kent
Craig	Grayson*	Newport News
Dickenson*	Hopewell	Prince Edward

September 2007 Audit End Date

Bedford County	Norfolk	Rockbridge
Fauquier	Nottoway	Russell
Fluvanna	Petersburg*	Scott
Franklin*	Radford*	Shenandoah*
Loudoun		York

December 2007 Audit End Date

Alleghany	Halifax	Rappahannock
Augusta	Lancaster	Richmond County
Bland	Lee	Roanoke City
Bristol	Mecklenburg	Southampton
Buckingham	Montgomery	Stafford
Campbell	Northampton	Staunton
Colonial Heights	Patrick	Tazewell
Cumberland	Prince George	Waynesboro
	Pulaski	

December 2007 Turnover of Clerk Assets

Albemarle	Gloucester	Montgomery
Arlington	Grayson	Prince William
Bath	Highland	Rockingham
Dickenson	Isle of Wight	Russell
Franklin County	Lancaster	Southampton
Giles		Spotsylvania

March 2008 Audit End Date

Accomack	Essex	Powhatan*
Amelia	Fredericksburg*	Prince William
Amherst	Greensville	Richmond City-Manchester
Appomattox	Hampton	Roanoke County
Brunswick	Henry	Salem [February 2008 end date]*
Buchanan*	James City/Williamsburg*	Smyth*
Carroll	King and Queen	Spotsylvania
Charlotte	King William	Warren
Chesapeake	Mathews	Wise and Norton
Chesterfield	Pittsylvania	Wythe*
	Portsmouth	

June 2008 Audit End Date

Botetourt	Lunenburg	Northumberland*
Fairfax County*	Martinsville	Orange
King George*		Washington*

* indicates Circuit Court Clerks with findings. Details are available in the individual reports which are located at www.apa.virginia.gov.

We will include the following Circuit Courts in the next audit cycle:

Albemarle	Frederick	Madison
Alexandria	Gloucester	Middlesex
Arlington	Goochland	Page
Buena Vista	Greene	Rockingham
Charles City	Hanover	Suffolk
Charlottesville	Henrico	Surry
Clarke	Highland	Sussex
Culpeper	Isle of Wight	Virginia Beach
Danville	Lynchburg	Westmoreland
Dinwiddie	Louisa	Winchester

SUPREME COURT OFFICIALS

The Honorable Leroy Rountree Hassell, Sr.
Chief Justice of the Supreme Court of Virginia

The Honorable Karl Hade
Executive Secretary
Office of the Executive Secretary of the Supreme Court of Virginia