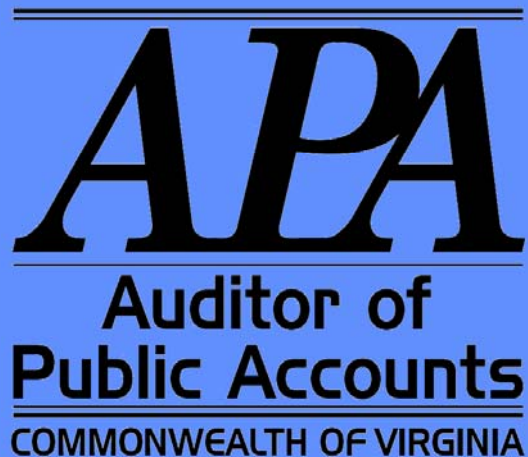


VIRGINIA'S JUDICIAL SYSTEM

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2009**



AUDIT SUMMARY

This report discusses the services and financial activities of Virginia's Judicial System.

AUDIT RESULTS

Our audit for the fiscal year ended June 30, 2009, found:

- Proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System and in each agency's accounting records.
- Internal control matters that require management's attention and corrective action; these are included in the section entitled "Internal Control and Compliance Findings and Recommendations" starting on page 1.
- Instances of noncompliance with applicable laws and regulations that are required to be reported under Government Auditing Standards; these are included in the section entitled "Internal Control and Compliance Findings and Recommendations" starting on page 1.

COURTS AND AGENCIES

The Virginia Judicial System report includes the following courts and agencies:

- Circuit Courts
- Clerk of the Supreme Court
- Clerk of the Court of Appeals
- General District, Juvenile and Domestic Relations, and Combined Courts (District Courts)
- Indigent Defense Commission
- Judicial Inquiry and Review Commission
- Magistrates
- Office of the Executive Secretary of the Supreme Court of Virginia
- Virginia Criminal Sentencing Commission
- Virginia State Bar
- Virginia State Board of Bar Examiners

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Background

This is our first comprehensive review of all of the agencies within Virginia's Judicial System. With the exception of the funds collected and managed by the Clerks of the Circuit Court, this report shows the overall operation of the Judicial Branch and complements our report *Collections and Costs of Operating the Circuit and General District Courts by Locality*.

In prior years, we audited and issued individual reports on each General District, Juvenile and Domestic Relations District, and Combined District Court, including the Magistrate function; and prepared a summary of our findings once a year. We have re-examined our approach to the audit of these courts and offices, recognizing the oversight and direction provided by the Chief Justice and the Office of the Executive Secretary of the Supreme Court over the operation of these courts and offices.

This audit approach has given us the ability to review the direction provided to the courts and magistrates by the Chief Justice and the Office of the Executive Secretary and allowed us to report back to them on the courts' and magistrates' implementation of fiscal policies and internal controls. We have provided both the individual courts' and magistrates' information about our reviews as we conducted them and have provided periodic reports to the staff of the Executive Secretary of our findings and comments.

We have audit findings which require the establishment of statewide policies and procedures and also, in some cases, involve several agencies within the Judicial Branch. Fundamental to understanding these findings is an awareness of the technology and systems administrated by the Office of the Executive Secretary.

Status of Information Technology

The Office of the Executive Secretary develops and maintains information technology systems for the Supreme Court, Court of Appeals, Circuit and District Courts and the Magistrates. These systems provide case management, record financial activities for the courts, process personnel and payroll information, assist in paying vendors, and maintain accounting records. Although Circuit Court Clerks do not have to use these systems, only three have elected not to use these systems.

Most of the systems operated by the Office of the Executive Secretary were developed and implemented in the 1980's. While the systems have undergone maintenance for statutory changes, these systems have remained relatively the same during this period. This lack of change is a function of the limited resources available for upgrading and improving these systems.

In 2006, legislation created a Court Technology Fund to provide resources for system development efforts, and the Office of the Executive Secretary has begun updating and modernizing a number of the systems. Several of the findings in this report provide interim solutions to some

issues, but recognize that the ultimate solution to many of the issues is the development and implementation of new systems.

We recognize that some of our recommendations will not be immediate priorities of the modernization efforts of the Office of the Executive Secretary because of funding constraints. However, we believe that improving court operations will depend in the long term on addressing these issues.

Statewide Issues

Statewide issues are those internal control findings or compliance issues that the Office of the Executive Secretary of the Supreme Court, as the District Court and Magistrate administrator, should consider addressing either in new guidelines, new processes, or by providing training to help all District Courts and Magistrates improve in the areas noted below. We developed findings and recommendations in the following areas:

Enhance Fines and Costs Collection Procedures

Two essential processes for collecting fines and costs due the court are properly executing a deferred payment agreement and effectively using the Commonwealth's Tax Set-Off program. During our review of the individual courts, we found the following:

Deferred Payment Agreements

In 28 courts, we found multiple occurrences where clerks collected the time to pay fee required by Section 19.2-354 of the Code of Virginia per agreement rather than per defendant when agreement modifications were made, which is an overcharge to the defendant and a disincentive to pay fines and costs. Additionally, we found clerks erroneously entering start payment dates as much as over ten years in the future. The start payment date begins the process of collecting fines and costs.

Tax Set-Off

The Tax Set-Off process allows the Commonwealth to intercept a taxpayer's refund to settle any debts to the Commonwealth. This is one of the courts' most effective methods of collecting delinquent fines and costs. When the program started, the Department of Taxation (Taxation) established each of the courts as the point of contact for submitting the accounts for collection and verifying that the taxpayer still owed the debt when there was a refund.

Taxation requires that all employees responsible for the Tax Set-Off program receive training in using the Integrated Revenue Management System and become certified. All communications from Taxation related to this system occur through e-mail, and each court must have one or more of their employees approved to handle accounts.

We found courts where neither the clerk nor any other employee had completed Taxation's training and therefore could not use the Tax Set-Off process. Clerks or their designee failed to

respond when Taxation notified the court of available refunds. In other cases, Clerks did not have a primary and designee assigned, and when an employee was absent, the court did not send the response to get the money. We found failure to recover funds amounted to \$36,000.

Recommendation 1

Improving training and making sure both the clerk and their staff understand their responsibilities will reduce the errors in deferred payment agreements and the related fees, as well as ensure that the courts have adequate staff to process Tax Set-Off accounts and collect the funds. The Office of the Executive Secretary could also monitor start payment dates for reasonableness. However, developing a mechanism by which the Office of the Executive Secretary can monitor and oversee the Tax Set-Off process will be more of a challenge.

Taxation developed both the process for Tax Set-Off and the Integrated Revenue Management System with the idea that each entity owed money would have responsibility for entering, managing, and collecting information and money. The Office of the Executive Secretary is unique in that it oversees and needs to monitor all of the courts, however, Taxation did not design their processes with this in mind.

In the long term, the Office of the Executive Secretary can either enhance its existing systems to help it monitor and oversee the local courts, or change its process to be the central point for dealing with Taxation rather than the individual courts. We believe there are advantages to either approach, however, the Office of the Executive Secretary should address which approach is best within its strategic plan for the operations of the courts.

Improve Public Defender, Court Appointed Attorney, Criminal Fund and Involuntary Commitment Fund Processes

The Office of the Executive Secretary and the General Assembly have established the processes of providing indigent defendants legal counsel and reviewing the involuntary commitment of individuals to mental health institutions. Under these processes, the Office of Executive Secretary has established guidelines for the payment of legal counsel and other individuals. The individual courts, both clerks and judges, initiate these payments, bill and collect from defendants, when appropriate; and authorize payments for services in these processes. Once the individual courts have performed their functions, the authorization information comes to the Office of the Executive Secretary for payment.

As part of our statewide review of General District and Juvenile and Domestic Relations District Courts, we encountered problems with these processes both at the individual courts as well as at the Office of the Executive Secretary. We did not review these processes as they relate to Circuit Courts, where there are a significantly greater volume of transactions and amounts involved especially with the Public Defenders and the Court Appointed Attorneys.

We found that many of the issues arise from how each process handles and records similar transactions differently. Many of the process differences are the result of the enabling legislation and the lack of automated procedures to assist judges and clerks with these differences.

Our review found some process issues have the same root problem but the available solutions are not the same between processes or among courts. As an example, having attorneys complete and file timesheets is a problem for both public defenders and court appointed attorneys. Since public defenders are Commonwealth employees, there is no incentive to turn in a time sheet, since the court does not pay them; however, without this timesheet the defendant has a delay in knowing their costs, since the clerk does not know the amount to add to the defendant's costs. Some judges have issued a blanket order pertaining to local violations that the clerk can charge the defendant and bill the locality the maximum allowable cost.

Court appointed attorneys receive a maximum payment per case as set in the Code of Virginia, unless the judge agrees that the case involved additional work and therefore the attorney may receive additional compensation. However, some attorneys are always late in filing the paperwork and the level of detail and information varied from court to court. This late filing delays adding costs to the defendant, and delays billing to either the Commonwealth or locality.

We have provided this information because we do not believe providing only training is a solution to improving these processes. As with several other issues in this report, addressing these processes has both a short-term temporary solution, but a more permanent solution may require the design and incorporation of these processes into a new automated system.

Public Defender Process Issues

During our statewide review of General District and Juvenile and Domestic Relations District Courts, we tested a random sample of cases with public defender costs, found 48 out of 104 courts did not follow the prescribed procedures, and therefore were not maximizing cost recovery for the Commonwealth of public defender fees relating to local cases. We also found clerks and judges were experiencing a number of different issues with the process and were unsure of how to proceed or often did not proceed with procedures at all. The breakdowns included not receiving public defender timesheets, how to process cost if a judge did not specifically order assessment to a juvenile, when to assess costs to the defendant, and in what circumstances to bill the locality for the public defender costs.

At many courts, we found public defenders were not turning in timesheets, and when requested to do so they submitted timesheets with only nominal time per case. As a result, some judges have issued a blanket order for cases with local charges and public defender costs, the clerk is to charge the defendant and bill the locality the maximum allowable cost. This avoids the need for a timesheet. Although this blanket order relieves the need for the timesheet at some courts, not all the courts have adopted this approach and there is delay in completing the paperwork for these cases.

Recommendation 2

The Office of the Executive Secretary should continue to work with the Indigent Defense Commission to ensure public defenders are submitting timesheets to clerks timely and that timesheets are an accurate reflection of the time for a case. The Office of the Executive Secretary should also provide the clerk clear guidance that they should notify the judge when the clerk is not receiving timesheets timely or if they are inaccurate. Guidance should also be reinforced and system enhancements considered to assist the clerks in properly assessing the defendant and billing the locality for public defender costs.

Court Appointed Attorney Process Issues

Court appointed attorneys seeking payment of amounts in excess of the standard amount provided by law can ask the judge to approve additional payment for both time spent and other costs. Attorneys submit a List of Allowances for payment of standard amounts and any additional costs, a waiver justifying additional costs, and timesheets for additional amounts. The judge reviews and approves both the list and the waiver, and the clerk submits the list only to the Office of the Executive Secretary for payment.

In reviewing this process, we found several types of errors. We noted multiple instances where the waiver amount did not agree with the amount on the List of Allowances. Waivers did not have the appropriate authorizing signatures of the judge, presiding judge, or chief judge. The List of Allowances did not have the appropriate approval signatures, were incomplete, or contained mathematical errors. Some of the errors lead to overpayments to attorneys. Also, in some cases we could not locate either the List of Allowances, timesheet, wavier, or some combination of these documents at either the court or the Office of the Executive Secretary.

Recommendation 3

The court appointed attorney payment process is manual and there are time lags between the time a judge originally approves additional costs and fees and the submission of actual documentation from the attorney for those costs and fees. This manual process and time lags partially contribute to some of the differences in amounts approved for reimbursement and those submitted. However, also contributing to the differences is not maintaining the information in a manner that would allow for a better review of the submission before its final approval by the judge. The Office of the Executive Secretary should update, issue guidance, and give training to both the judges and the clerks on how to oversee this process.

There is some confusion in the process as to who must maintain what documentation and whether it is the responsibility of either the court or the Office of the Executive Secretary. Also, there is confusion as to which documents the courts should maintain or if all the paperwork comes to the Office of the Executive Secretary. The Office of the Executive Secretary should provide guidance on what documentation is necessary for payment and how long to retain documentation.

When the Office of the Executive Secretary finds overpayments, they should pursue collection of these amounts.

As the Office of the Executive Secretary upgrades both the court systems and potentially the Commonwealth's primary financial system, consideration should be given to automating this process and using an automated process to track transactions from approval to payment.

The Office of the Executive Secretary is also responsible for monitoring the funding of court appointed attorney payments, including the standard amounts and additional costs mentioned above. Although the Office of the Executive Secretary monitors the amounts paid to court appointed attorneys at a statewide level, there is no mechanism for the individual courts to control this spending or monitor the amounts spent.

During fiscal year 2009, the court system exhausted court appointed attorney funding in late June and therefore held requests for payment until July 2009, the beginning of the new fiscal year, when funding was again available. Our review determined the court system would exhaust court appointed attorney funding in early April 2010 and would hold or deny subsequent requests for payment in fiscal year 2010.

Recommendation 4

In addition to our recommendation above, we also recommend that the Office of the Executive Secretary monitor, or provide local courts a mechanism to monitor, court appointed attorney payments at a level that will allow the most controlled and appropriate distribution of funds. This could include, but should not be limited to, a review of individual courts with a trend of increasing court appointed payments, a review of vendors with unusually large payments in a particular period, or a review of payments by individual case or case type to identify potential abuse.

Also, as mentioned above, as the Office of Executive Secretary upgrades both the court systems and potentially the Commonwealth's primary financial system, consideration should be given to automating this process and using an automated process for submission, tracking, and review of transactions.

Involuntary Commitment Process Issues

The Involuntary Commitment process uses a form to pay individuals who participate in these hearings. Different participants receive different amounts depending on their function and what the Code of Virginia authorizes. The participant completes the form, which includes certain codes to determine how much to pay someone, and enters the amount of any expenses incurred and other information. Currently, a special justice can administer the process and certify payments, including the one that pays themselves.

We found mathematical errors, lack of authorizing signatures, coding, and other errors that one would expect with a manual process, which in some cases resulted in overpayments. We also noted that the form does not include a case number, which makes the documentation supporting the payment difficult to locate; and in some courts, they could not locate supporting documentation.

Recommendation 5

The Office of the Executive Secretary should consider adding the case number to the involuntary mental commitment form and finding an alternative to having the special justice approve their own forms. Also, the Office of the Executive Secretary should consider developing some interim edit or special reports that would allow them to track courts which have high volumes of errors.

As the Office of the Executive Secretary upgrades both the court systems and potentially the Commonwealth's primary financial system, consideration should be given to automating this process and using an automated process to track transactions from approval to payment.

Establish and Enforce Leave Approval Process for General District, Juvenile and Domestic Relations District, and Combined Courts Clerks

The Supreme Court requires the supervising Judge to approve the reporting of a clerk's leave in Section 2102.3 of the Supreme Court of Virginia's Human Resources Policy Manual. Supervisory review and approval is an essential internal control to ensure the accuracy and appropriateness of transactions. We found 83 out of 92 offices reviewed to date where the clerk submits and approves their own leave taken.

The leave reporting system implemented by the Office of the Executive Secretary of the Supreme Court of Virginia currently does not have the capability to allow the supervisory judges to approve leave taken. Without this approval capability, some clerks have chosen to develop an alternative method of obtaining approval of their leave submissions, while others have continued to approve their own leave.

Without oversight, leave could go unreported leading to potential abuse. This abuse could lead to a loss to the Commonwealth should the employee terminate their relationship with the Commonwealth and receive compensation for unreported leave taken, and the improper reporting of leave could also lead to a loss of productivity.

Recommendation 6

We recommend that the Office of the Executive Secretary establish and enforce a process to ensure proper leave submission approvals occur at all courts.

Properly Complete and Maintain Documentation Transferring Cases to the Circuit Courts

We found 26 courts not properly certifying and transferring court paperwork to the Circuit Court as required by 19.2-335 of the Code of Virginia. Clerks are not always properly completing or maintaining the appropriate documents. Unless a defendant or someone else complains, the only record of a case's transfer to the Circuit Court is the documents maintained by the court. The current automated system does not allow for communication between the courts about the transfer.

Recommendation 7

The Office of the Executive Secretary should continue to stress through its training program the necessity to complete and maintain the documentation when transferring cases to the Circuit Court.

Court or Agency Specific Issues

Agency specific issues are those internal control findings or compliance issues that a specific court or agency should address either in new guidelines, new processes, or by providing training to

help staff improve in the areas noted below. We developed findings and recommendations in the following areas:

District Court System, Magistrates, Circuit Court System, Indigent Defense Commission, Virginia State Board of Bar Examiners, and Virginia State Bar

We have provided both the individual District Courts and magistrates information about our review as we conducted them and also provided periodic reports to the staff of the Executive Secretary of our findings and comments. Our office has, or plans to issue, separate reports covering each specific Circuit Court, the Board of Bar Examiners, the Indigent Defense Commission, and Virginia State Bar. To view these reports, or obtain electronic copies, please visit our website at www.apa.virginia.gov.

Office of the Executive Secretary of the Supreme Court of Virginia

Improve Database Security

The Integrated Decision Support System database contains information supporting all the payments made by the Office of the Executive Secretary for goods and services obtained by the Supreme Court and the Circuit and District Courts. Within this database is sensitive information needed to pay for these goods and services, but is protected from public disclosure.

The Fiscal Department rather than the Information Technology Department has responsibility for the oversight and control of this system and the Information Security Officer does not perform a risk assessment relating to this system. We found that the Fiscal Department does not comply with Commonwealth information technology security standards and industry security best practices.

Policies and Procedures

The Fiscal Department has not developed and documented policies and procedures that include, but are not limited to, information such as: configuring baseline security settings; setting up profiles, audit options, default settings, roles, and privileges; managing security patches; and identifying backup requirements. The Fiscal Department also lacks detailed policies and procedures surrounding the annual review of user access. This documentation ensures that requirements are consistently applied and databases comply with Commonwealth information technology standards.

Password Management

The database does not have controls that enforce password complexity requirements outlined by the Information Technology Department password policy. We found that passwords for the database do not expire within the number of days required by Information Technology Department policies. We also determined that new users receive their passwords in an email. Strong passwords are the first line of defense in controlling access to systems.

Account Management

Our review also determined the two database administrators maintain the database using a shared administrator account and password, rather than individual accounts, which prevents accountability for modifications. The use of shared system administration accounts should be strictly limited and monitored.

Auditing

The Fiscal Department does not use the audit logging feature to track alterations to database configuration and structure. Logging database activity and reviewing the logs consistently allows data owners to ensure the integrity of data and gives assurance that there are not unauthorized changes to the database. Additionally, database administrators should not have the ability to change audit logs. Restricting edit access to logs retains the integrity of the audit trail.

Recommendation 8

We recommend that the Information Security Officer conduct a security review and risk assessment of the Integrated Decision Support System database and determine what changes the Fiscal Department would need to make to continue to operate the system and database. We further recommend that the Information Security Officer include the database under his oversight.

We also recommend that the Office of the Executive Secretary move oversight of the database to the Information Technology Department to ensure consistent enforcement of the Office of the Executive Secretary's security policies and procedures.

Improve Internal Controls Surrounding Database User Access

Our review of Integrated Decision Support System database user access revealed that two employees currently have the ability to enter and approve expenditure data in the database system. Further, we determined one of those individuals has the ability to release and approve those same Integrated Decision Support System database transactions in the Commonwealth Accounting and Reporting System for payment. This allows the user to enter and approve an entire transaction.

With a staff of nine, proper segregation of duties should be attainable regardless of the workload on the Accounts Payable Department. Controls should be in place to mitigate risks associated with an individual approving transactions that they have entered.

Recommendation 9

The Office of the Executive Secretary should modify access for those users that have the ability to key and approve their own transactions. Without proper segregation of duties, the Office of the Executive Secretary increases the risk of loss to the Commonwealth due to fraud or employee error.

Review Consumable Purchase Processing

To encourage bulk purchases, reduce the number of miscellaneous expenses, and improve internal controls, the Office of the Executive Secretary has established guidelines for small consumable goods purchases by the magistrates and clerks in the General District, Juvenile and Domestic Relations, and Combined Courts and does not provide them small purchase charge cards. However, the low daily dollar limit of \$100, the volume of transactions, and the lack of any meaningful method of either reviewing transactions or having monitoring reports, clearly indicates a need for revision of the current process.

During our review of individual District Courts, we found clerks intentionally bypassing the consumable goods small purchase rules. The volume of transactions makes it difficult, if not impossible, for the Office of the Executive Secretary to detect this behavior before processing a transaction for payment. Additionally, the State Comptroller assesses a penalty on State agencies that do not minimize the number of checks written by maximizing the use of charge cards. This penalty on the Office of the Executive Secretary for transactions related to District Courts in fiscal year 2009 was approximately \$35,000.

Under current guidelines, the Office of the Executive Secretary is not maximizing the use of state contracts. The courts could benefit from the usage of state contracts in ways such as free shipping, pick up by the court staff with direct billing to the Office of the Executive Secretary, and other options. In addition, court staff are not receiving guidance on authorized budget amounts for purchases of consumable goods.

Recommendation 10

In order for the Office of the Executive Secretary to address the issues with current consumable goods small purchase rules, there are short term and long term approaches. The short term approach would require a re-examination of the policy for small purchases of consumable goods. The Office of the Executive Secretary may consider offering guidance on the use of state contract vendors, as well as utilization of vendors offering incentives such as free shipping. Development of a budget scheme that incentivizes clerks and magistrates to maximize cost savings by monitoring their consumable goods spending would also be beneficial. A budgeting scheme would also allow the Office of the Executive Secretary to develop monthly reports, providing management the ability to review the activity of individual courts and report exceptions, when clerks attempt to bypass the controls.

The long term approach would require enhancement to the court accounting system. All of the courts have on-line access to the Office of the Executive Secretary. Therefore, using this access could allow the individual clerks to have restricted charge cards for which they could record all purchases on-line and reduce the need for a credit card log, and provide the Office timely information on both credit card usage and purchase information. This option would significantly reduce data entry and transaction volume, and at the same time eliminate the penalty.

Systems Development Special Study

In 2007, we issued a special report on Information Technology in the Judicial System. The report is on our website www.apa.virginia.gov under the reports section. This year, we conducted a follow-up on the systems development issues in the 2007 report.

Information Technology Strategic Planning

In our prior report, we noted that the Office of the Executive Secretary of the Supreme Court did not have adequate strategic planning in their Information Technology Department. We noted that not only should they update their outdated information technology strategic plan, but should also link it to the overall agency strategic plan.

The Office of the Executive Secretary has completed both of these recommendations.

Information Technology Project Management

Our prior report noted the following deficiencies with regard to the Supreme Court's project management.

- Not tracking project costs accurately
- Lack of training for inexperienced project managers
- Lack of formalized process in developing systems
- Missing core project documentation
- Project management process not documented

The Information Technology Department is providing training to the inexperienced project managers. The Information Technology Department with consultation from IBM has also developed a project management methodology and implemented documentation standards.

However, when we requested documentation for existing projects, we received documentation from a current vendor who is working on upgrading one of their core systems. The Office of the Executive Secretary does not have a standard library of documentation templates, and instead they were using documents provided by one of their vendors. While this is acceptable, we are concerned that when the vendor's contract expires, the Information Technology Department will not continue to follow project management best practices with regard to documentation.

Recommendation 11

The Office of the Executive Secretary should formally document their project management methodology and ensure there is a process to use this methodology.

We also reviewed their project oversight meetings and found improvements in that area. The Office of the Executive Secretary has set up oversight teams for each of their systems development

projects; this team includes management from both the information technology department as well as the business owner's department associated with that specific system.

We also reviewed their systems development budgeting structure and found that while they have a process in place to create budgets for their projects, the actual costs of the projects are not complete. The Office of the Executive Secretary does not account for their internal staff costs when calculating their budgets or recording their actual expenses of a project. This method of tracking costs is not in compliance with the State Comptroller's requirements that agencies capitalize internal information technology project costs, including internal resource costs. Further, the Office of the Executive Secretary also does not perform regular comparisons of the budget to actual costs to effectively detect and minimize project cost overruns.

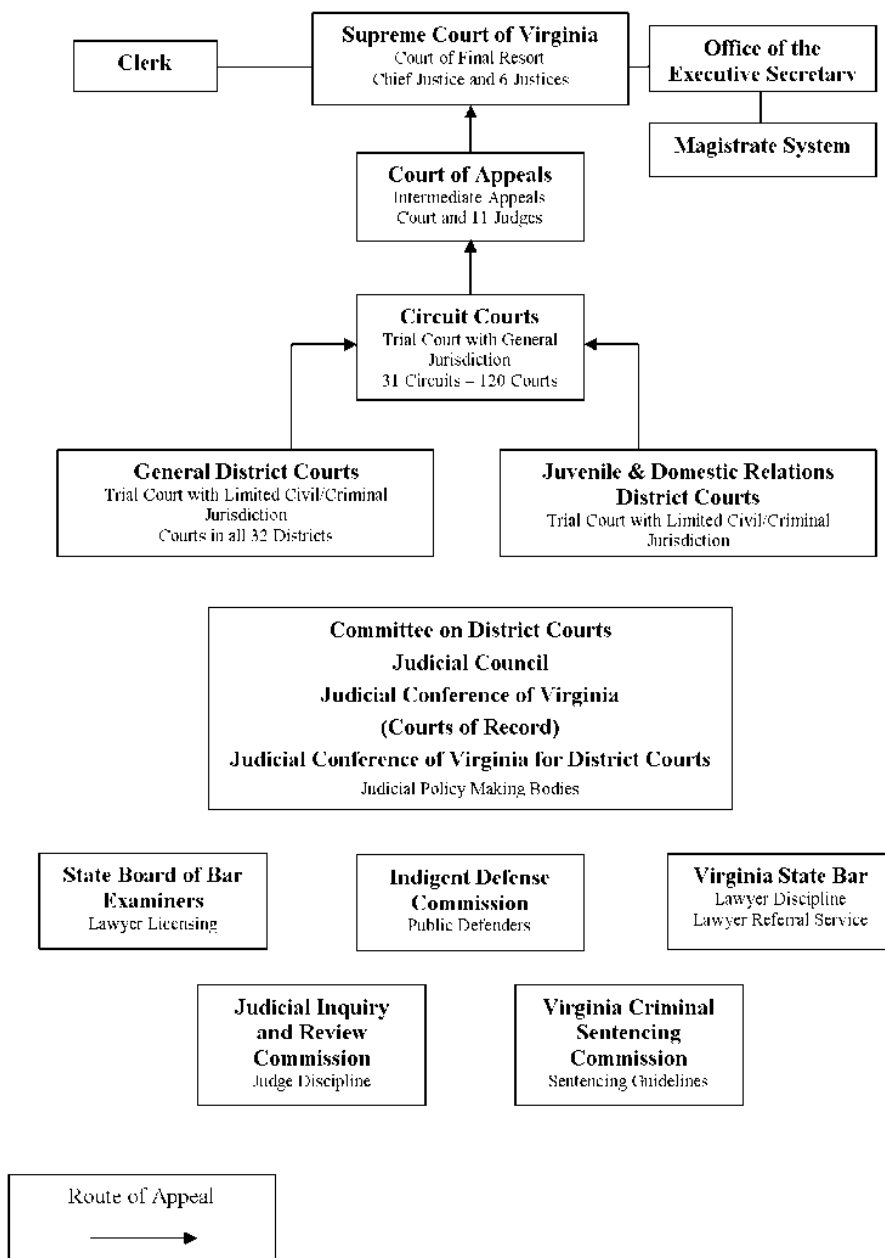
Recommendation 12

The Office of the Executive Secretary should track all costs, including internal costs, of their information technology projects so they can accurately capitalize system development costs. We also recommend their project management methodology include a requirement to regularly compare actual costs of a project and to the budgeted amounts.

VIRGINIA'S JUDICIAL SYSTEM

The mission of Virginia's judicial system is to assure that disputes are resolved justly, promptly, and economically. The present system consists of four levels of courts: the Supreme Court, the Court of Appeals, the Circuit Courts, and the District Courts. In addition, magistrates serve as judicial officers with authority to issue various types of processes. The Supreme Court has the courts organized into 31 judicial circuits and 32 similar judicial districts. More than 2,600 employees, including judges, clerks, and magistrates, work within the judicial branch of government to provide the citizens of the Commonwealth prompt efficient service.

The Virginia Judicial System



The following table summarizes fiscal year 2009 expense data relating to Virginia's Judicial System.

Budget and Expense Summary for Fiscal Year 2009

	<u>Final Budget</u>	<u>Expenses</u>
General District Courts	\$ 95,021,299	\$ 94,717,282
Circuit Courts	91,692,275	90,173,900
Juvenile and Domestic Relations District Courts	80,012,104	79,987,075
Indigent Defense Commission	42,497,031	42,039,447
Supreme Court	40,771,875	36,579,137
Combined District Courts	30,318,577	30,293,543
Magistrate System	24,563,037	24,548,037
Virginia State Bar	22,870,458	21,859,620
Court of Appeals of Virginia	8,579,984	8,579,984
Board of Bar Examiners	1,382,237	1,326,771
Virginia Criminal Sentencing Commission	1,034,107	999,155
Judicial Inquiry and Review Commission	740,030	506,564
Total	<u>\$439,483,014</u>	<u>\$431,610,515</u>

Source: Commonwealth Accounting and Reporting System

Virginia's Judicial System spent approximately \$431.6 million in fiscal year 2009. Of this amount, the Circuit and District Courts accounted for about \$295.2 million or 68.4 percent of total expenses. Ninety-three percent of the funding for the courts and agencies listed above comes from the General Fund of the Commonwealth.

Expenses relating to the Criminal Fund and Involuntary Mental Commitment Fund constitute 26 percent of all judicial branch expenses. The Criminal Fund primarily consists of payments to court appointed attorneys, court reporters, court-related medical expenses, interpreters, and other associated expenses. The Involuntary Mental Commitment Fund consists of payments for the medical and legal costs associated with temporary detentions and commitment hearings for individuals thought to be dangerous or incapable of self-care due to mental illness.

The table below summarizes fiscal year 2009 expenses relating to the Criminal and Involuntary Mental Commitment Funds. These amounts are included in the expenses listed in the chart above.

	<u>Criminal Fund</u>	<u>Involuntary Mental Commitment Fund</u>
Supreme Court	1,846	-
Circuit Courts	48,402,258	-
General District Courts	17,801,501	4,999,251
Juvenile and Domestic Relations Courts	28,670,313	368,233
Combined District Courts	9,089,811	744,474
Court of Appeals of Virginia	<u>12</u>	<u>-</u>
Total	<u>\$103,965,741</u>	<u>\$6,111,958</u>

Source: Commonwealth Accounting and Reporting System

SUPREME COURT

Although the Supreme Court of Virginia possesses both original and appellate jurisdiction, its primary function is to review decisions of lower courts.

The Chief Justice of the Supreme Court serves as the administrative head of Virginia's Judicial System. The Chief Justice oversees the operation of the entire system. Assisting the Chief Justice in this task is the Office of the Executive Secretary, who is the state court administrator.

Office of the Executive Secretary of the Supreme Court

Titles 16.1 and 17 of the Code of Virginia establish the Office of the Executive Secretary of the Supreme Court to administer the judicial system's 319 courts. The Office of the Executive Secretary maintains the Court Automated Information System, which accumulates financial and case information for the courts.

The Office of the Executive Secretary provides statewide fiscal and human resource administration for the following courts and agencies:

- General District Courts
- Circuit Courts
- Juvenile and Domestic Relations District Courts
- Supreme Court
- Combined District Courts
- Magistrates
- Court of Appeals
- Virginia Criminal Sentencing Commission
- Judicial Inquiry and Review Commission

The Office of the Executive Secretary provides assistance to the courts of the Commonwealth and to Virginia's magistrates through its 11 departments. The departments within

the Office of the Executive Secretary include the Assistant Executive Secretary and Counsel, the Court Improvement Program, Educational Services, Fiscal Services, the Historical Commission, Human Resources, Judicial Information Technology, Judicial Planning, Judicial Services, Legal Research, and Legislative and Public Relations.

Judicial Policy Making Bodies: The Judicial Council

The Judicial Council (Council) has the responsibility of making a continuous study of the organization, rules, and methods of procedure and practice of the judicial system of the Commonwealth. It is responsible for examining the work accomplished and results produced by the system and its individual offices and courts. The Council also studies the need for additional judges in the Circuit Courts. A report of the Council's proceedings and recommendations goes to the General Assembly and to the Supreme Court annually.

The Chief Justice is the presiding officer for the Council whose membership includes one Court of Appeals judge, six Circuit Court judges, one General District Court judge, one Juvenile and Domestic Relations District Court judge, two attorneys qualified to practice in the Supreme Court of Virginia, and the Chairmen of the Committees for Courts of Justice in the Virginia Senate and House of Delegates.

The Committee on District Courts

The Committee on District Courts assists the Chief Justice in the administrative supervision of Virginia's District Courts. Among the statutorily mandated responsibilities of the Committee are recommending new judgeships and certifying the need to fill District Court vacancies, and authorizing the number of clerks, magistrates, and personnel in each district; establishing guidelines and policies for court system personnel; and fixing salary classification schedules for District Court personnel and magistrates.

Membership of this committee includes the Majority Leader of the Senate, the Speaker of the House of Delegates, the Chairmen of the Committees for Courts of Justice in the Senate and House of Delegates, two members of each of the Courts of Justice Committees appointed by the respective Chairman, one Circuit Court judge, two General District Court judges, and two Juvenile and Domestic Relations District Court judges.

The Judicial Conference of Virginia

The Judicial Conference of Virginia discusses and considers means and methods of improving the administration of justice in the Commonwealth. Active members include the Chief Justice and justices of the Supreme Court, all judges of the Court of Appeals and the Circuit Courts, and all retired justices and judges of such courts. The Chief Justice serves as President of the Conference.

The Judicial Conference of Virginia for District Courts

The Judicial Conference of Virginia for District Courts is similar to the Judicial Conference of Virginia in its mission and responsibilities. Membership includes the Chief Justice, who serves as

its President; and all active judges of the General District and Juvenile and Domestic Relations District Courts.

Supreme Court Financial Information

Appropriations and expenses related to the judicial policy making bodies are included with the Supreme Court of Virginia's expenses along with the cost of the Office of the Executive Secretary.

The following table summarizes the fiscal year 2009 actual expenses for the Supreme Court of Virginia.

Analysis of Actual Expenses for Fiscal Year 2009

Personal Services	\$17,610,367
Contractual Services	12,215,114
Transfer Payments	2,783,709
Continuous Charges	1,879,413
Equipment	1,791,952
Supplies and Materials	<u>298,582</u>
Total	\$36,579,137

Source: Commonwealth Accounting and Reporting System

Expenses consisted mostly of payroll and contractual services. Equipment expenses are primarily for information technology items and reference materials. The majority of contractual service expenses consist of information technology costs relating to the Court Technology Fund.

COURT OF APPEALS

The Court of Appeals of Virginia provides appellate review of final decisions of the Circuit Courts in domestic relations matters, appeals from decisions of an administrative agency, traffic infractions, and criminal cases, except when there is a sentence of death. It also hears appeals of final decisions of the Virginia Workers' Compensation Commission. There are petitions for appeal for criminal, traffic, concealed weapons permit, and certain preliminary rulings in felony cases. All other appeals to the Court of Appeals are a matter of right. Petition for appeal that occur for other Circuit Court civil decisions go directly to the Supreme Court of Virginia.

The decisions of the Court of Appeals are final in traffic infraction and misdemeanor cases with no incarceration, domestic relations matters, and cases originating before administrative agencies or the Virginia Workers' Compensation Commission. Except in those cases where the decision of the Court of Appeals is final, any party aggrieved by a decision of the Court of Appeals may petition the Supreme Court for an appeal.

The Court of Appeals consists of 11 judges. The court sits in panels of at least three judges, and the panel membership rotates. The court sits at such locations as the chief judge designates, so as to provide convenient access to the various geographic areas of the Commonwealth.

The following table summarizes the fiscal year 2009 actual expenses for the Court of Appeals.

Analysis of Actual Expenses for Fiscal Year 2009

Personal Services	\$7,568,250
Continuous Charges	594,104
Contractual Services	347,683
Supplies and Materials	49,482
Equipment	19,769
Transfer Payments	696
Total	<u>\$8,579,984</u>

Source: Commonwealth Accounting and Reporting System

The majority of expenses consisted of personal services for employee benefits, salaries, special payments, and wages.

CIRCUIT COURTS

The only trial court of general jurisdiction in Virginia is the Circuit Court. The Circuit Court has jurisdiction over civil actions, criminal cases, appeals, and any case for which the Code of Virginia does not specify jurisdiction.

The following table summarizes the fiscal year 2009 actual expenses for the Circuit Courts of Virginia.

Analysis of Actual Expenses for Fiscal Year 2009

Contractual Services	\$47,503,410
Personal Services	41,374,867
Continuous Charges	589,585
Equipment	565,259
Supplies and Materials	140,735
Property and Improvements	44
Total	<u>\$90,173,900</u>

Source: Commonwealth Accounting and Reporting System

The majority of expenses were for contractual service and personal service expenses. Contractual services includes the Criminal Fund, which primarily consists of payments to court appointed attorneys, court reporters, court-related medical expenses, interpreters, and other associated expenses. Personal services include employee benefits, salaries, special payments, and wages with the exception of the Circuit Court clerk, who the Compensation Board pays.

DISTRICT COURTS

Virginia's unified District Court system consists of the General District and the Juvenile and Domestic Relations District Courts. Within the 32 districts of the state, there are General District Courts and Juvenile and Domestic Relations District Courts in every city and county.

The General District Courts hear all criminal cases involving misdemeanors under state law and offenses that are violations of ordinances, laws, and by-laws of the county or city where it is located. The Code of Virginia defines criminal offenses and sets penalties. For many offenses, the penalty described is a fine. The courts pay the fines collected into the treasury of the city, town, or county when there is a violation of their ordinances, or into the State treasury for a violation of state law.

General District Courts decide civil cases, traffic infractions, and preliminary hearings in felony cases. All cases are heard by a judge and upon consideration of evidence the judge issues a disposition and determines the appropriate penalty if applicable.

The Juvenile and Domestic Relations District Courts differ from other courts in their duty to protect the confidentiality and privacy of juveniles and their families who have legal matters before the court. In addition to protecting the public and holding delinquent juveniles accountable, the court considers services needed to provide for rehabilitation. The court handles cases for children in need of services or supervision, children subjected to abuse or neglect, and children who are abandoned or without parental guardianship. Additionally, the court holds hearings for foster care and entrustment agreements and when request relief of custody or termination of parental rights.

The court also holds trial for adults accused of child abuse or neglect, or of offenses against family or household members. Lastly, the court is involved in spousal support cases, disputes concerning the custody, visitation or support of a child, minors seeking emancipation or work permits, and court consent for certain medical treatments

Combined Courts exist in smaller districts and handle cases of both the General District and a Juvenile and Domestic Relations District Court.

The following table summarizes the fiscal year 2009 actual expenses for the District Courts of Virginia.

Analysis of Actual Expenses for Fiscal Year 2009

<u>Operating Expenditures</u>	<u>General District Courts</u>	<u>Juvenile and Domestic Relations Courts</u>	<u>Combined District Courts</u>	<u>Totals</u>
Personal Services	\$65,325,715	\$47,529,311	\$17,727,027	\$130,582,053
Contractual Services	26,384,718	31,617,673	11,623,282	69,625,673
Equipment	1,414,408	219,648	579,302	2,213,358
Supplies and Materials	1,326,901	490,019	152,244	1,969,165
Continuous Charges	237,501	102,488	197,282	537,272
Transfer Payments	28,037	27,934	14,406	70,378
Totals	<u>\$94,717,282</u>	<u>\$79,987,075</u>	<u>\$30,293,543</u>	<u>\$204,997,899</u>

Source: Commonwealth Accounting and Reporting System

The majority of expenses consisted of personal services and contractual services. Personal services include employee benefits, salaries, special payments, and wages. Contractual service expenses include the Criminal and Involuntary Mental Commitment Funds. The Criminal Fund primarily consists of payments to court appointed attorneys, court reporters, court-related medical expenses, interpreters, and other associated expenses. The Involuntary Mental Commitment Fund consists of payments for the medical and legal costs associated with temporary detentions and commitment hearings for individuals thought to be dangerous or incapable of self-care due to mental illness.

MAGISTRATES

In many instances, a citizen's first contact with the judicial system comes through the Office of the Magistrate. The magistrate's principal function providing an independent, unbiased review of complaints brought to the office by police officers, sheriffs, deputies, and citizens. Magistrate duties include issuing various types of processes such as arrest warrants, summonses, bonds, search warrants, subpoenas, emergency mental and medical custody orders, temporary mental and medical detention orders, emergency protective orders, and other civil processes. In a criminal offense, one of the chief duties of the magistrate is conducting bail hearings to set bond. A magistrate may also accept prepayments for traffic infractions and minor misdemeanors.

The Office of the Executive Secretary provides administrative supervision and training to magistrates. A chief magistrate supervises the magistrates serving within each judicial district. Each region has a regional magistrate supervisor who provides direct supervision to the chief magistrates. The eight regional supervisors also assist a Magistrate System Coordinator in administering the statewide system.

The following table summarizes the fiscal year 2009 actual expenses for magistrates.

Analysis of Actual Expenses for Fiscal Year 2009

Personal Services	\$22,818,580
Contractual Services	1,467,750
Supplies and Materials	210,984
Continuous Charges	29,786
Equipment	20,678
Transfer Payments	<u>259</u>
Total	<u>\$24,548,037</u>

Source: Commonwealth Accounting and Reporting System

The majority of expenses consisted of personal and contractual services. Personal services include employee benefits, salaries, special payments, and wages of state employees.

JUDICIAL INQUIRY AND REVIEW COMMISSION

The Judicial Inquiry and Review Commission investigate allegations of judicial misconduct or the serious mental or physical disability of a judge. The Commission has jurisdiction to investigate the justices of the Supreme Court and all judges of the Commonwealth, as well as members of the State Corporation Commission, the Virginia Workers' Compensation Commission, special justices, substitute judges, and retired judges, recalled to service. The Commission may file a formal complaint with the Supreme Court against judges for violations of any canon of judicial ethics, misconduct in office, or failure to perform their judicial duties.

The Commission has seven members elected by the General Assembly and members serve four-year terms. Membership includes one Circuit Court judge, one General District Court judge, one Juvenile and Domestic Relations District Court judge, two lawyers, and two public, non-lawyer members.

The following table summarizes the fiscal year 2009 actual expenses for the Judicial Inquiry and Review Commission.

Analysis of Actual Expenses for Fiscal Year 2009

Personal Services	\$439,297
Continuous Charges	46,444
Contractual Services	13,621
Supplies and Materials	5,366
Equipment	<u>1,836</u>
Total	<u>\$506,564</u>

Source: Commonwealth Accounting and Reporting System

The majority of expenses consisted of personal services for employee benefits, salaries, special payments, and wages of state employees.



Walter J. Kucharski, Auditor

Commonwealth of Virginia

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

June 10, 2010

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of **Virginia's Judicial System** as defined in the Audit Scope and Methodology section below, for the year ended June 30, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of Virginia's Judicial System's financial transactions as reported in the Commonwealth Accounting and Reporting System and Supreme Court's Integrated Decision Support System, review the adequacy of all courts' and magistrates' internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports for those agencies listed below.

Audit Scope and Methodology

Management at the agencies in Virginia's Judicial System has responsibility for establishing and maintaining internal control 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.

We gained an understanding of the overall internal controls, both automated and manual,

sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, account balances, and systems:

The Office of the Executive Secretary of the Supreme Court of Virginia, the Clerk of the Supreme Court, the Clerk of the Court of Appeals, the Judicial Inquiry and Review Commission, and the Virginia Criminal Sentencing Commission.

Payroll expenses	Form I-9 compliance
Clerk leave approval process	Systems security
Criminal fund expenses	Systems access
Involuntary mental commitment fund expenses	Systems development
Local consumable purchases expenses	Strategic planning
Cash receipts	

Magistrates, the General District, Juvenile and Domestic Relations, and Combined Courts.

Payroll expenses	Fine and fee assessments
Clerk leave approval process	Tax set-off program
Criminal fund expenses	Magistrate banking
Involuntary mental commitment fund expenses	Magistrate cash receipts
Local consumable purchases expenses	

Circuit Courts

Payroll expenses	Expenditures
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Our audit did not include the Virginia State Bar, the Board of Bar Examiner's, or the Indigent Defense Commission, which were audited and reported on under separate reports.

We performed audit tests to determine whether the Judicial Systems' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Judicial Systems' operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that Virginia's Judicial System properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and the Supreme Court's Integrated Decision and Support System. The Judicial System record financial transactions using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted matters involving internal control and operations that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed 11 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. These matters are described in the section entitled “Internal Control and Compliance Findings and Recommendations.”

The Judicial System has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this report.

EXIT CONFERENCE AND REPORT DISTRIBUTION

We discussed this report with management on June 10, 2010. Management’s response has been included at the end of this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

JR/clj

EXECUTIVE SECRETARY
KARL R. HADE

ASSISTANT EXECUTIVE SECRETARY &
LEGAL COUNSEL
EDWARD M. MACON

COURT IMPROVEMENT PROGRAM
LELIA BAUM HOPPER, DIRECTOR

EDUCATIONAL SERVICES
CAROLINE E. KIRKPATRICK, DIRECTOR

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June 23, 2010

Mr. Walter J. Kucharski
Auditor of Public Accounts
James Monroe Building
101 North 14th Street
Richmond, VA 23219

Dear Mr. Kucharski:

Thank you for providing the opportunity to review the draft audit report for the Supreme Court of Virginia for the period July 1, 2008 through June 30, 2009.

As we discussed in our meeting on June 10, 2010, I want to share with you additional information regarding the recommendations contained in this audit report.

Recommendation #1 – Enhance Fines and Cost Collection Procedures

Training and supporting documentation provide clear instruction for district court clerks to assess the one-time management fee per agreement pursuant to Virginia Code § 19.2-354. Reinforcement of these procedures will be further highlighted in future trainings.

We support the recommendation that the Courts should have adequate staff to process Tax Set-off accounts and collect funds. The district court system is currently understaffed by over 300 positions. This office sought additional positions from the General Assembly, however they have not been approved.

As noted in this recommendation, the Department of Taxation developed both the process for Tax Set-off and the internal accounting system, IRMS, with the idea that each entity owed money would have responsibility for entering, managing and collecting information and money. The Office of the Executive Secretary (OES) is unique, however, in that it oversees and needs to monitor activity in all of the courts. Our Office has requested oversight of the training provided to clerks by Taxation and was denied. The OES has no control or oversight over the system used by Taxation; therefore, enhancements to the system are outside the purview of this Office. This Office will continue to emphasize to clerks the importance of this process and will also continue to seek information from the Department of Taxation to assist in the monitoring of this process.

Recommendation #2 – Public Defender Process Issues

Representatives of the Office of the Executive Secretary met with the Indigent Defense Commission (IDC) in 2008 to discuss the issues regarding public defenders timely and accurate submission of timesheets to the courts. Since that time, regular contact continues with the IDC as issues are identified in the courts. Additionally, guidance has previously been provided to the courts to notify the judge when the clerk is not receiving timesheets and clear guidance on properly assessing and billing the locality for public defender costs has been included in the Court-Appointed Counsel Procedures & Guidelines Manual for many years. The Office of the Executive Secretary will continue its collaborative efforts with the Indigent Defense Commission and will further highlight issues noted in this audit in future trainings with court personnel.

Recommendation #3 – Court-Appointed Attorney Process

Guidance and Training – The Office of the Executive Secretary has provided significant training to local courts on the procedures for processing vouchers from court-appointed attorneys. This training includes an in-depth class for new clerks, as well as regional training sessions for courts twice a year. When the new waiver of fee caps was approved by the General Assembly for the 2007-08 fiscal year, extensive training was provided to judges, clerks and court-appointed attorneys. This training was provided at statewide and regional meetings and was included on the Virginia State Bar web page. The Office of the Executive Secretary will continue to provide training on this payment process in the future.

Automate the Process – We strongly support the recommendation to automate the reimbursement process to track transactions from approval to payment. The recent budget cuts enacted by the General Assembly, however, have reduced the funding available for our technology projects. Sufficient funds are currently not available to develop an automated system for the reimbursement process.

Recommendation #4 – Local Courts Monitor Court-Appointed Attorney Payments

The Fiscal Department provides Criminal Fund expenditure data to all courts on a quarterly basis. This information is included in the Courts Expenditure Reports, which are located on the Virginia Courts Intranet web site. In addition, information on waiver expenditure amounts for each court is provided on a monthly basis.

While this information may be useful to the local courts, it will not be helpful in controlling costs as courts have no control over the number of cases filed in their locality or whether the defendants in these cases require a court-appointed attorney.

Recommendation #5 – Involuntary Commitment Process

Adding Case Numbers – One concern that was noted by your staff was the courts' inability to locate the court's case papers to match the requested payment on the reimbursement form (Form DC-60). Due to the fact that multiple hearings are usually listed on each reimbursement form, it is not feasible for the courts to place a case number for each line item listed. The Department of Judicial Services plans to address this issue with local courts to Mr.

develop an appropriate filing system for maintaining the reimbursement forms to assist with the audit review of these payments.

Special Justices Approval – The hearings conducted by special justices are held in locations other than the court buildings. Due to this unique situation, a judge or clerk in a local court is not able to certify payments for the services provided by the special justice. To address this issue, however, the reimbursement procedures were modified to require the special justice to bring all documentation for each hearing to the court clerk before reimbursement could be requested.

Automate the Process – We strongly support the recommendation to automate the reimbursement process to track transactions from approval to payment. The recent budget cuts enacted by the General Assembly, however, have reduced the funding available for our technology projects. Sufficient funds are currently not available to develop an automated system for the reimbursement process.

Recommendation #6 – Leave Approval Process

We share your concerns regarding the need to establish and enforce the leave approval process for our district court clerk positions.

As you have noted, the OES requires the supervising judge to approve the reporting of a Clerk's leave in Section 2102 of the OES Human Resources Policy Manual. Our current automated leave reporting system, however, does not include the capability that would allow supervisory judges to approve leave taken. Our Human Resources Department staff members are working closely with the Department of Judicial Information Technology (DJIT) staff members to resolve this issue.

As we have discussed with your staff members, steps were taken in 2009 to address this issue while modifications are being made to our leave reporting system. The following interim policy procedures were sent to district court clerks:

Effective immediately, all clerks must have their leave approved by a supervising judge. The Chief Judge will designate who the supervising judge is for each court. Although you may request leave and get it approved prior to actually taking the leave, you now need to make sure that the judge is approving the leave that you are submitting to the Supreme Court. If a supervising judge is not selected, the approval process will default to the chief judge until one is selected. NOTE: When selecting a supervising judge, it is advisable to select a judge who is comfortable with the email system.

The process will work as follows:

Clerk will enter leave into the CLASS system (Clerk's leave should be entered separately leaving the **Mass Approval Code field blank)

When the clerk receives the e-mail requesting approval for his/her leave entry/entries, there are two options: (1) Forward this e-mail to the supervising judge and have the judge return marked "Approved" or (2) Print the e-mail and have the supervising judge sign. Both of these options will require the clerk to retain a record for audit purposes.

Once the clerk receives the approval from the supervising judge, the clerk can then process the leave in the CLASS system using his/her own approval code.

We anticipate that the new electronic leave submission system will become available later this year.

Recommendation #7 – Properly Complete and Maintain Documentation Transferring Cases to the Circuit Courts

As noted in the audit report, the Office of the Executive Secretary provides training to court clerks on the necessity to complete and maintain the documentation when transferring cases to the circuit courts. The Department of Judicial Services will continue to emphasize the appropriate steps required to transfer the cases to the circuit courts in future training sessions with court personnel.

Recommendation #8 – Improve Database Security

We are pleased to report that the Information Security Officer (ISO) has completed a security review and risk assessment of the Integrated Decision and Support System (IDSS) and has provided the Fiscal Department with specific areas that need to be addressed to improve database security. The ISO will include IDSS as a normal part of his oversight in the future. In addition, it should be noted that DJIT provides a major portion of the IDSS database oversight. The System Administrator and Backup activities, as well as the physical security of the database server, are all currently supported within the DJIT.

Recommendation #9 – Improving Internal Controls for Database User Access

Based on our conversation with your staff, it is our understanding that the key concern identified during the audit process was that the Accounts Payable Administrator has the ability to key vouchers into IDSS and to approve the vouchers as part of the submission and upload to CARS.

We appreciate the recognition by your staff of the fact that with vacant positions due to the current hiring freeze, snow days and staff members on sick or annual leave, it is sometimes necessary for the Accounts Payable Administrator to key vouchers in order to process the large volume of reimbursement requests received daily in a timely fashion.

We share your concern with the potential for fraud, however, and will implement a second party review of all batches that are keyed by the Accounts Payable Administrator and will maintain a log to document this review.

Recommendation #10 – Consumable Purchase Processing

The Committee on District Courts established the current \$100 per day purchasing authority for local courts. We will review this current policy to determine if the daily amount should be increased. Please be aware, however, that this \$100 per day limit ensures that all medium to large orders for consumable supplies will be handled by the OES Purchasing

Walter J. Kucharski
June 23, 2010
Page Five

Department. The Purchasing Department reviews all orders for reasonableness and ensures that the supplies will be purchased from state contract vendors. This policy also enables the Purchasing Department to identify unusual purchasing activities by individual courts.

We currently cannot support your recommendation to provide restricted charge cards to individual clerks. Due to budget constraints, the sufficient staff or resources are not available that would be required to monitor and review the charge card transactions for over 300 clerk and magistrate offices or to implement the required enhancements to the court accounting system.

Recommendation #11 – Information Technology Project Management

As noted in the audit report, we have made significant progress in IT project management. We have utilized the experience and knowledge of our key business partners to assist us with this project management as they have created a variety of documents and processes that are used to track and manage our IT projects. We support the recommendation to formally document this methodology and are finalizing the approval of this process.

Recommendation #12 – Tracking the Costs of the Information Technology Projects

DJIT currently tracks all consultant and hardware/software costs associated with each IT project. The Supreme Court of Virginia has made the policy decision to develop and maintain mission critical systems in-house, therefore, we view our internal personnel as resources dedicated to the routine, day-to-day support of the judiciary. Although we know our internal personnel costs, we have not linked these costs to individual projects because the core function of our internal IT staff is to support the ongoing development and maintenance of our applications. We question the value of adding this additional level of man-hour accounting to internal systems development projects.

With best wishes, I am

Very truly yours,



Karl R. Hade

KRH:sk

cc: Edward M. Macon
John B. Rickman

OFFICE OF THE EXECUTIVE SECRETARY OF THE SUPREME COURT OF VIRGINIA

Honorable Leroy R. Hassell, Sr., Chief Justice

Karl R. Hade, Executive Secretary

CLERK OF THE SUPREME COURT

Trish Harrington, Clerk

CLERK OF THE COURT OF APPEALS

Honorable Walter S. Felton, Jr., Chief Judge

Cindy McCoy, Clerk

JUDICIAL INQUIRY AND REVIEW COMMISSION

Donald R. Curry