



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

December 16, 2009

The Honorable Chadwick S. Dotson
Chief Judge
County of Scott General District Court
206 East Main Street
Wise, VA 24293-0829

The Honorable Elizabeth S. Wills
Chief Judge
County of Scott Juvenile and Domestic Relations District Court
P.O. Box 320, Courthouse, Main Street
Wise, VA 24293

Audit Period: July 1, 2008 through June 30, 2009
Court System: County of Scott
Judicial District: Thirtieth

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

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

Audit Risk Alert

We noted several matters involving internal controls and other matters affecting court operations that require the Chief Judges' and the Office of the Executive Secretary of the Supreme Court of Virginia attention including but not limited to improper recording and reporting of financial transactions in the Court's financial management system. Further, we noted instances of noncompliance with the Code of Virginia and other regulations.

The former Clerk resigned in December 2008. The current Clerk was a Deputy Clerk within the office, prior to assuming these duties. In a small Combined District Court Clerk's Office, the Clerk must perform administrative duties, bookkeeping functions, and other daily routine tasks.

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We recommend the Chief Judges review the audit findings and work with the Office of the Executive Secretary of the Supreme Court of Virginia to develop a training plan for the current Clerk and her staff. Without proper training, we believe the Clerk increases her risk of accounting and other bookkeeping errors occurring and going undetected.

Properly Assess Fines and Costs

As noted in the previous audit, the Clerk is not properly assessing and collecting fines and court appointed attorney fees involving local and state charges as required by Section 19.2-163 of the Code of Virginia. Auditor tested ten cases and noted the following errors:

- In seven cases, the Clerk incorrectly identified charges against the defendant as a local violation rather than state resulting in a loss of revenue to the Commonwealth totaling \$2,450.
- In one case, the Clerk did not properly assess the defendant for court appointed attorney fees totaling \$120.
- In one case, the Clerk erroneously assessed a defendant for court appointed attorney fees totaling \$120.
- In one case, the Clerk did not properly bill the locality for the court appointed attorney fees, involving a local case. Instead the Clerk billed the Commonwealth incorrectly, which paid \$120.

We recommend the Clerk research all similar cases, make the appropriate corrections to case paperwork, and where appropriate, bill the localities for the applicable court appointed attorney fees. Further, we recommend the Clerk work with the Office of the Executive Secretary to receive training in these billing practices.

Request Tax Set Off Refunds

The Clerk did not request tax set off refunds totaling \$150 for individuals that owe delinquent court costs and fines as required by Section 58.1-524 (A) of the Code of Virginia. A Court must request the tax refunds through the Virginia Department of Taxation's automated accounting system called the Integrated Revenue Management System. We recommend the Clerk properly request tax set off refunds to maximize collections.

Properly Reconcile Bank Account

The Clerk cannot prepare her monthly bank reconciliation without assistance from the Office of the Executive Secretary of the Supreme Court of Virginia. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. We recommend the Clerk request additional training in preparing the monthly bank reconciliation.

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Promptly Remit Collection Agent Fees

The Clerk did not remit \$396 to the private collection agent. The FMS User's Guide recommends the clerk remit private collection agent fees weekly. The Clerk should remit fees weekly as recommended by the FMS User's Guide.

Improve Accounts Receivable Management

The Clerk could not provide supporting documentation for changes to payment due dates in two of three cases tested. 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. Improper changes to individual accounts hinder collection efforts and could also result in loss of revenue for both the Commonwealth and the locality.

Properly Maintain Court Appointed Attorney Records

The Clerk does not consistently maintain court-appointed attorney timesheets or waivers as required by the Court-Appointed Counsel Guidelines and Procedures Manual. The timesheet provides a detailed accounting of the time spent on a case and justification for additional fees requested. A waiver provides a detailed explanation of additional fees requested. We recommend the Clerk maintain records in accordance with the Court Appointed Counsel Guidelines and Procedures Manual.

Promptly Delete Access

The Clerk failed to delete an employee's access to the court's automated information system when an employee resigned in the previous audit period. The Clerk is responsible for granting, changing and terminating access to the court's automated information system as required by the General District Court Case Management System User's Guide. Having an unauthorized individual with access to the court's automated information system could compromise the integrity of the system and the data it contains. The Clerk should promptly delete an employee's access to the automated system when an employee resigns.

Properly Approve the Reporting of Leave

The Judges do not approve the reporting of leave taken by the Clerk. Instead, the Clerk completes and approves her own leave report. Section 2102.3 of the Human Resources Policy Manual requires the supervising Judges to approve the reporting of the Clerk's leave. Supervisory review and approval is an essential internal control to ensure the accuracy and appropriateness of transactions.

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Allowing someone to prepare and approve their own leave without a supervisory review can result in both intentional and unintentional errors going undetected. We recommend the supervising Judges immediately begin reviewing and approving the reporting of the Clerk's leave.

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

AUDITOR OF PUBLIC ACCOUNTS

WJK:clj

cc: The Honorable R. Larry Lewis, Judge
The Honorable Jeffrey Hamilton, Judge
Lynda G. Dishner, Clerk
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia