

**PAUL F. FERGUSON
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF ARLINGTON**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2011 THROUGH MARCH 31, 2012**



-TABLE OF CONTENTS-

	<u>Pages</u>
COMMENTS TO MANAGEMENT	1
AUDIT LETTER	2
CLERK'S RESPONSE AND CORRECTIVE ACTION PLAN	3-4

COMMENTS TO MANAGEMENT

We noted the following matters involving internal controls and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Request Tax Set Off Refunds

The Clerk failed to collect potentially \$1,172 of state and local funds. He did not request the Department of Taxation set off refunds for individuals against the amount owed for delinquent fines and court costs as required by Section 58.1-524 (A) of the Code of Virginia. The Clerk should promptly respond to tax set off refunds held by the Department of Taxation.

Properly Enter Court-Appointed Attorney Fees and Fines

The Clerk did not properly enter court-appointed attorney fees, and collect fines involving local and state charges. The auditor tested 10 cases and noted the following errors.

- In three cases, the Clerk failed to correctly enter court-appointed fees as required by Section 19.2-163 of the Code of Virginia. This resulted in miscoding errors totaling \$316 to the Commonwealth and \$120 to the Locality.
- In three cases involving a state violation, the Clerk did not properly assess the fine to the Commonwealth as required by Section 19.2-340 of the Code of Virginia. Instead, the Clerk assessed the fine to the locality, costing the Commonwealth \$750.

We recommend the Clerk research all similar cases, make the appropriate corrections to case paperwork, and where appropriate, reimburse the Commonwealth. Further, we recommend the Clerk work with the Office of the Executive Secretary to receive training in basic entry practices.



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 23, 2012

The Honorable Paul F. Ferguson
Clerk of the Circuit Court
County of Arlington

Mary H. Hynes, Chairman of the Board of Supervisors
County of Arlington

Audit Period: April 1, 2011 through March 31, 2012
Court System: County of Arlington

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies.

Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted matters involving internal controls and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

We discussed these comments with the Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:alh

cc: The Honorable William T. Newman, Jr., Chief Judge
Barbara Donnellan, County Manager
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts



PAUL FERGUSON
CLERK, CIRCUIT COURT

ARLINGTON COUNTY, VIRGINIA

CLERK OF THE CIRCUIT COURT

1425 N. COURTHOUSE ROAD, SUITE 6700
ARLINGTON, VIRGINIA 22201

July 10, 2012

Mr. Walter J. Kucharski
Auditor of Public Accounts
Commonwealth of Virginia
P.O. Box 1295
Richmond, Virginia 23218

Dear Mr. Kucharski:

I have met with the auditors and reviewed the Comments to Management included in the Audit report dated June 26, 2012. I appreciate the auditors bringing these issues to my attention and have implemented the following remedial actions:

Tax Set Off Refunds: This duty had been performed by a long time employee who left the office in the fall of 2011. After her departure, another employee was assigned this duty, however, she was not able to obtain the necessary training from the Department of Taxation in a timely fashion. This employee, along with a second employee in the criminal section, is actively working with the Department of Taxation to complete the training courses. Both of these employees will work together to ensure that tax refunds are collected and applied to outstanding costs and penalties.

Properly Enter Court Appointed Attorney Fees and Local Fines: The auditors brought to our attention that in misdemeanor appeals from the General District Court our office and the General District Court staff were coding court appointed attorney fees and fines to the locality if the warrant indicated that the infraction was a County code violation, regardless of whether the County code section was written on the warrant. The auditors explained that without the County Code cite on the face of the warrant, the fees and penalties had to be remitted to the State and should have been coded as state law violations.

In response to this information, office staff reviewed fines and costs in all appeals from the General District Court for the period of January 1, 2011 through May 31, 2012. As a result of this review, we identified \$436.00 in court appointed attorney fees that were coded as local fees instead of state fees. We identified 66 cases in which fines were remitted to the locality instead of the state. The cumulative total was \$9,180.00, of which \$5,772.00 was assessed during FY 2012 and the remainder in FY 2011. We have requested our local Treasurer to remit the entire sum to our office so that we can forward the funds to the state.

Going forward, all clerks in our criminal division are aware of this issue, as is the Clerk of the General District Court. I have assigned a senior criminal section employee to review all traffic appeals sent to us from the General District Court to ensure that the fines and fees are assessed to the correct account code.

JUL 13 '12 PM 3:15

Separate meetings were also held with the Arlington County Chief of Police and the Clerk of the General District Court Clerk, both of whom will notify their staff of the requirement that the applicable County code section must appear on the warrant if the matter is to be handled as a County, rather than a state violation.

Thank you for your consideration of our actions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Ferguson', with a stylized flourish at the end.

Paul Ferguson, Clerk
Arlington Circuit Court
17th Judicial District