



VIRGINIA DISTRICT COURT SYSTEM

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2018

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

This statewide report summarizes the findings from our audit of the District Court System for the fiscal year ended June 30, 2018. Our audits resulted in findings in 68 courts, some of which had multiple findings. The most common finding was related to the proper billing and collection of court fines, costs, and fees. Other findings were related to control weaknesses noted in accounting areas, such as the lack of bank reconciliations, improper record retention, and inadequate reviews of internal reports.

The potential financial impact of these findings are state revenue losses of approximately \$104,000, locality revenue losses of approximately \$2,000, defendants being overcharged approximately \$9,000, and tax set off Losses of nearly \$60,500.

–TABLE OF CONTENTS–

	<u>Pages</u>
INTRODUCTION LETTER	1
INTERNAL CONTROL AND COMPLIANCE FINDINGS	2-5
APPENDIX: SUMMARY OF DISTRICT COURT RESULTS	6-13



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 5, 2019

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

The Honorable Donald W. Lemons
Chief Justice, Supreme Court of Virginia

Karl R. Hade
Executive Secretary, Office of the Executive Secretary
Supreme Court of Virginia

We are pleased to submit the statewide **Report on the District Court System** for the fiscal year ended June 30, 2018. The Auditor of Public Accounts annually audits each General District Court (GDC), Juvenile and Domestic Relations District Court (JDR), and Combined District Court (CDC) to determine whether they have maintained accountability over Commonwealth, locality, and restitution collections; established internal controls; and complied with state laws and regulations. This statewide report summarizes the findings we have previously communicated to the individual Chief Judges, Presiding Judges, Clerks, and the Director of Judicial Services at the Office of the Executive Secretary of the Supreme Court of Virginia upon completing our individual audits. Our reports can be accessed online at http://www.apa.virginia.gov/APA_Reports/Reports.aspx.

AUDITOR OF PUBLIC ACCOUNTS

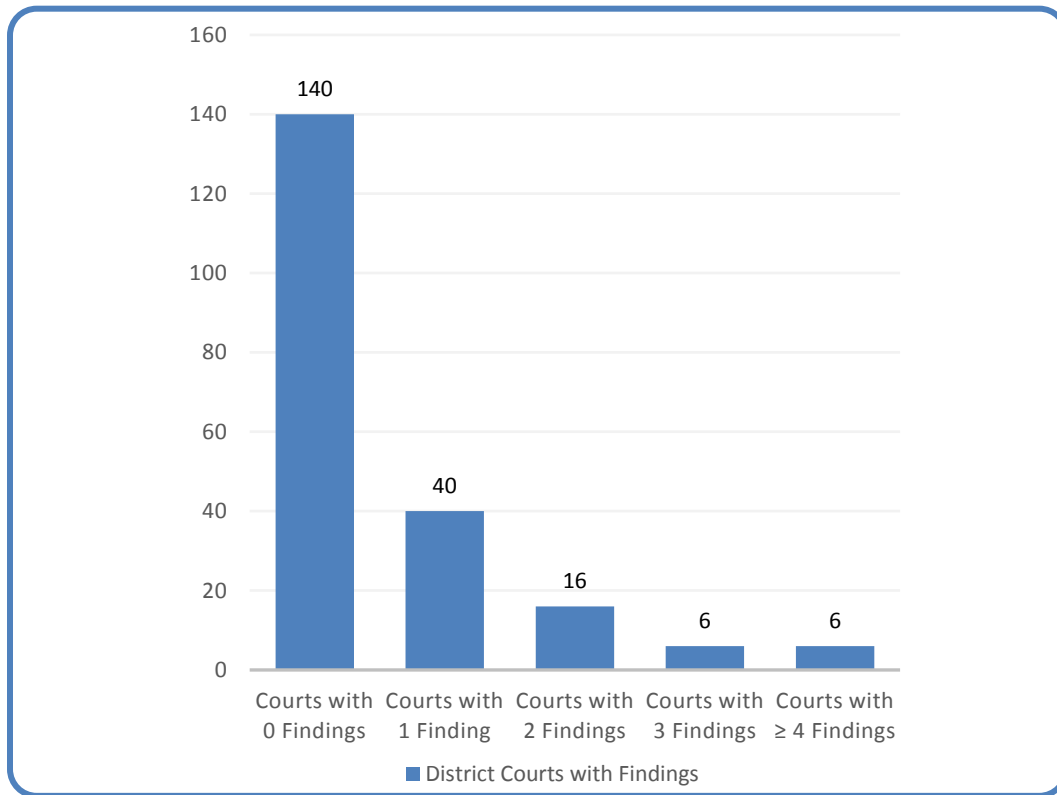
MSM:vks

INTERNAL CONTROL AND COMPLIANCE FINDINGS

For the year ended June 30, 2018, we completed 208 District Court audits, 130 of which were comprehensive audits and 78 of which were limited control reviews. A comprehensive audit entails audit procedures designed to review in detail areas such as revenues, expenditures, system access security, accounts receivable, and liability management. A limited control review involves the completion of an internal control questionnaire and some limited audit procedures based on the results of the questionnaire. Limited control reviews are only performed on courts that have been considered low risk based on the results of previous audits and an overall assessment of the individual court environment. An [Appendix](#) is included following this section that contains a summary of the District Court audit results by locality and court type. As shown in Chart 1 below, the District Court audits identified findings in 68 courts, some with multiple findings including four in Lynchburg JDR, six in Pittsylvania JDR, four in Prince George CDC, five in Stafford GDC, four in Sussex CDC, and four in Wise/Norton GDC.

District Court Audit Results

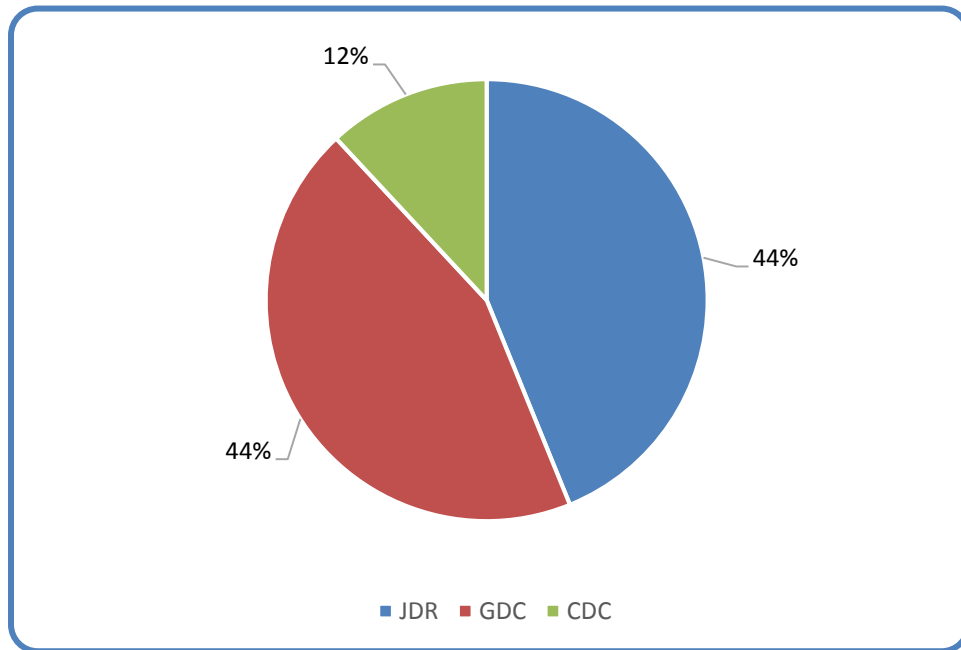
Chart 1



Our analysis of the cumulative results of the audits identified several recurring trends across the Commonwealth. Of the 117 management recommendations made, 49 percent addressed the proper billing and collecting of court fines, costs, and restitution. The potential financial impact of these weaknesses are state revenue losses of approximately \$104,000, locality revenue losses of approximately \$2,000, and defendants being overcharged approximately \$9,000. Chart 2 below shows the distribution of the potential loss of state revenue by court type.

Potential Loss of State Revenue by Court Type

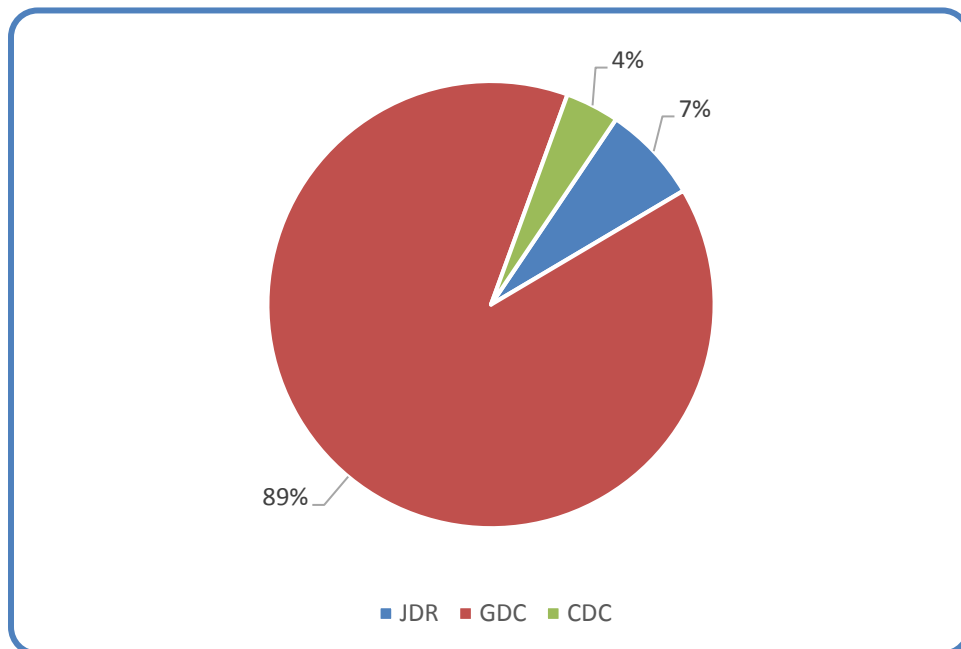
Chart 2



An additional 12 findings (10%) identified possible tax set-off losses of almost \$60,500. Chart 3 below shows the distribution of potential tax set-off losses by court type.

Potential Tax Set-Off Losses by Courts Type

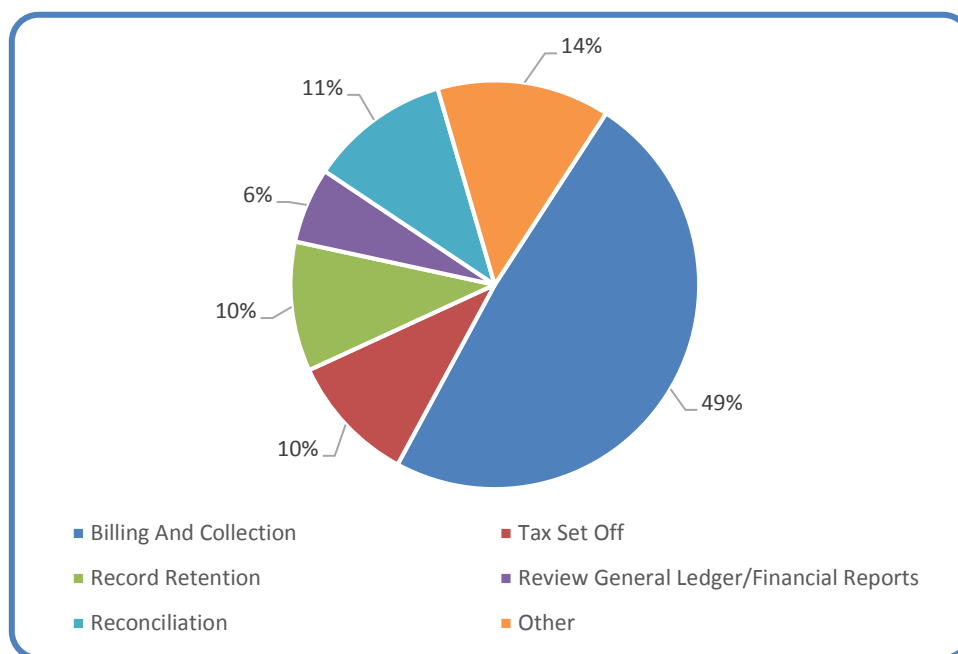
Chart 3



In addition to issues with billing and collection and tax set-off, as shown in Chart 4 below, internal control weaknesses noted in other accounting areas include the lack of bank reconciliations, improper record retention, and inadequate reviews of internal reports. As a result of these weaknesses, we made the following recommendations to the individual courts: Properly Maintain Voided Receipts; Properly Maintain Case Papers, Records and Other Supporting Documentation; Properly Review General Ledger and Other System Generated Reports; Reconcile Bank Account; and Properly Monitor and Disburse Liabilities.

Areas of Concern

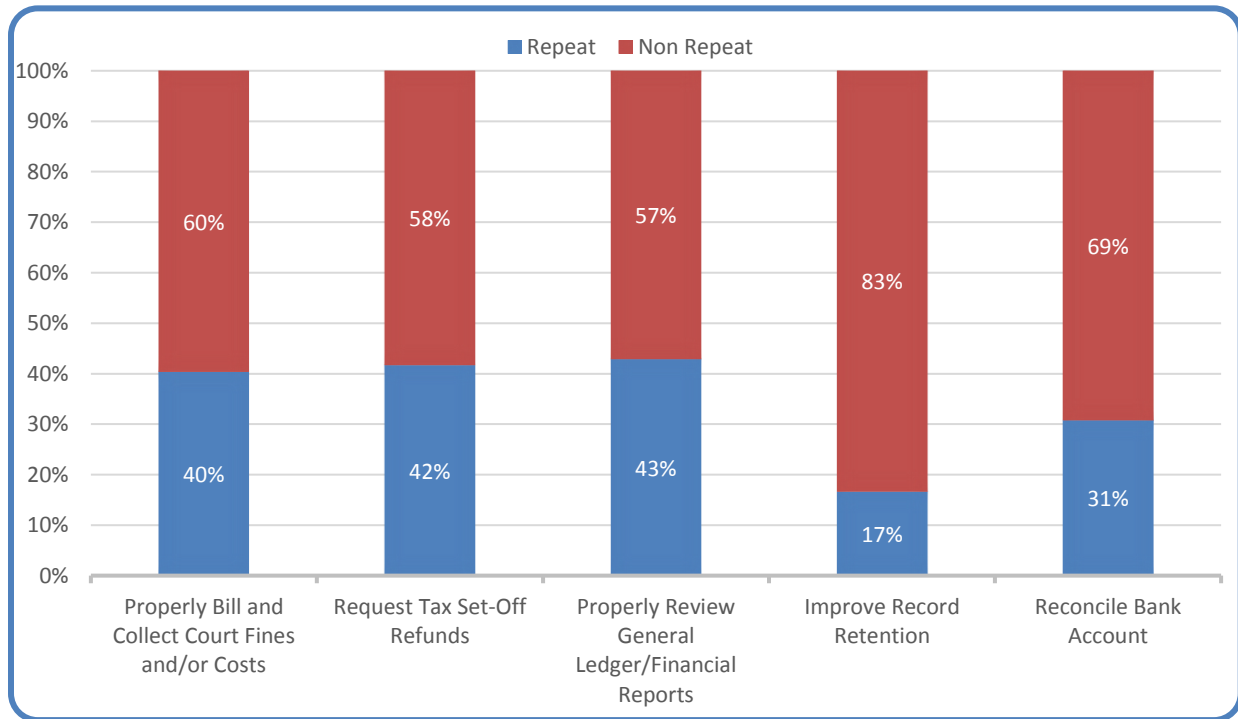
Chart 4



Repeat findings were noted in 32 of the District Court audits. One of the courts, Lynchburg GDC, has received the same finding since fiscal year 2012. Chart 5 below contains additional information about the frequency of repeat findings.

Percentage of Repeat Findings

Chart 5



APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Accomack*	GDC	No	
Accomack	JDR	Yes	Improve Procedures Over Receipting Errors Properly Bill and Collect Court Fines and Costs
Albemarle	GDC	Yes	Properly Bill and Collect Court Fines and Costs Review General Ledger
Albemarle	JDR	Yes	Properly Bill and Collect Court Costs
Alexandria	GDC	No	
Alexandria	JDR	No	
Alleghany	CDC	No	
Amelia*	CDC	No	
Amherst*	GDC	No	
Amherst*	JDR	No	
Appomattox	JDR	No	
Appomattox	GDC	No	
Arlington*	GDC	No	
Arlington	JDR	No	
Augusta	GDC	No	
Augusta	JDR	Yes	Reconcile Bank Account Request Tax Set-Off Refunds
Bath	CDC	Yes	Promptly Disburse Liabilities Request Tax Set-Off Refunds
Bedford	JDR	Yes	Properly Bill and Collect Court Costs Properly Complete Waivers
Bedford	GDC	Yes	Properly Bill and Collect Court Costs Transfer Excess Credit Card Fees
Bland	CDC	No	
Botetourt	CDC	Yes	Properly Bill and Collect Court Costs
Bristol*	GDC	No	
Bristol	JDR	No	
Brunswick	CDC	Yes	Properly Bill and Collect Court Costs
Buchanan	CDC	No	
Buckingham	CDC	No	
Buena Vista	CDC	Yes	Properly Bill and Collect Court Costs
Campbell	JDR	Yes	Properly Bill and Collect Court Fines and Costs
Campbell	GDC	No	

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Caroline	GDC	Yes	Properly Bill and Collect Court Costs
Caroline*	JDR	No	
Carroll*	GDC	No	
Carroll	JDR	No	
Charles City*	CDC	No	
Charlotte	GDC	No	
Charlotte*	JDR	No	
Charlottesville	GDC	Yes	Properly Bill and Collect Court Fines and Costs Promptly Reconcile Bank Account Improve Accounts Receivable Management
Charlottesville	JDR	No	
Chesapeake	GDC	No	
Chesapeake	JDR	Yes	Properly Bill and Collect Court Costs
Chesterfield*	GDC	No	
Chesterfield	JDR	No	
Clarke*	GDC	No	
Clarke	JDR	No	
Colonial Heights	GDC	Yes	Properly Bill and Collect Court Costs Maintain Court Appointed Attorney Records Properly Complete and Maintain Waivers
Colonial Heights	JDR	No	
Craig	CDC	No	
Culpeper	JDR	Yes	Properly Bill and Collect Court Fines and Costs
Culpeper*	GDC	No	
Cumberland*	CDC	No	
Danville	JDR	Yes	Review General Ledger Properly Bill and Collect Court Costs Escheat Unclaimed Property and Restitution
Danville	GDC	No	
Dickenson	CDC	Yes	Properly Bill and Collect Court Costs
Dinwiddie*	CDC	No	
Emporia*	CDC	No	
Essex*	CDC	No	
Fairfax City*	GDC	No	
Fairfax County	JDR	Yes	Properly Bill and Collect Court Costs

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Fairfax County	GDC	Yes	Properly Bill and Collect Psychological Evaluation Fees
Falls Church	CDC	Yes	Properly Bill and Collect Court Fines
Fauquier	GDC	Yes	Reconcile Bank Account
Fauquier	JDR	Yes	Properly Bill and Collect Court Fines and Costs
Floyd	CDC	No	
Fluvanna*	CDC	No	
Franklin*	CDC	Yes	Request Tax Set-Off Refunds
Franklin County	JDR	Yes	Properly Bill and Collect Court Costs
Franklin County	GDC	No	
Frederick*	GDC	No	
Frederick*	JDR	No	
Fredericksburg*	JDR	No	
Fredericksburg	GDC	No	
Galax	CDC	No	
Giles	CDC	No	
Gloucester*	GDC	No	
Gloucester	JDR	No	
Goochland	CDC	No	
Grayson	CDC	Yes	Properly Bill and Collect Court Costs
Greene*	CDC	No	
Greensville*	CDC	No	
Halifax*	GDC	No	
Halifax	JDR	No	
Hampton	GDC	No	
Hampton	JDR	Yes	Properly Bill and Collect Court Costs
Hanover	GDC	Yes	Reconcile Bank Account
Hanover	JDR	Yes	Properly Bill and Collect Court Costs
Henrico	JDR	Yes	Properly Bill and Collect Court Fines and Costs Retain Waivers and Timesheets Promptly Delete System Access
Henrico	GDC	Yes	Properly Bill and Collect Psychological Evaluation Fees
Henry	GDC	No	
Henry	JDR	No	

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Highland*	CDC	No	
Hopewell*	CDC	No	
Isle of Wight	GDC	Yes	Properly Bill and Collect Court Costs
Isle of Wight	JDR	No	
James City / Williamsburg*	GDC	No	
James City / Williamsburg	JDR	Yes	Reconcile Bank Account Timely
King and Queen	GDC	No	
King and Queen*	JDR	No	
King George	CDC	No	
King William*	JDR	No	
King William	GDC	No	
Lancaster*	GDC	No	
Lancaster	JDR	Yes	Retain Voided Receipts
Lee	CDC	No	
Loudoun	GDC	Yes	Update Individual Receivable Accounts
Loudoun	JDR	Yes	Request Tax Set-Off Refunds Properly Bill and Collect Psychological Evaluation Fees
Louisa*	GDC	No	
Louisa	JDR	No	
Lunenburg*	CDC	No	
Lynchburg	GDC	Yes	Properly Bill and Collect Court Fines and Costs
Lynchburg	JDR	Yes	Request Tax Set-Off Refunds Properly Bill and Collect Court Costs Properly Reconcile Bank Account Improve Management Over Voided Receipts
Madison	CDC	Yes	Properly Bill and Collect Court Fines and Costs Properly Review Waivers and Retain Documentation
Martinsville	GDC	No	
Martinsville	JDR	No	
Mathews	GDC	Yes	Request Tax Set-Off Refunds Reconcile Bank Account
Mathews	JDR	No	
Mecklenburg	JDR	No	
Mecklenburg	GDC	No	

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Middlesex	GDC	Yes	Request Tax Set-Off Refunds Reconcile Bank Account
Middlesex	JDR	No	
Montgomery*	JDR	No	
Montgomery*	GDC	No	
Nelson	GDC	No	
Nelson	JDR	No	
New Kent*	GDC	No	
New Kent	JDR	No	
Newport News*	JDR	No	
Newport News (Civil)*	GDC	No	
Newport News (Criminal)*	GDC	No	
Newport News (Traffic)*	GDC	No	
Norfolk*	GDC	No	
Norfolk*	JDR	No	
Northampton	JDR	Yes	Properly Bill and Collect Court Costs
Northampton*	GDC	No	
Northumberland*	GDC	No	
Northumberland*	JDR	No	
Nottoway*	CDC	No	
Orange*	JDR	No	
Orange	CDC/GDC	No	
Page	JDR	No	
Page*	GDC	No	
Patrick*	GDC	No	
Patrick*	JDR	No	
Petersburg	GDC	Yes	Properly Bill and Collect Court Fines and Costs
Petersburg	JDR	No	
Pittsylvania	JDR	Yes	Properly Bill and Collect Court Fines and Costs Review General Ledger Monitor and Disburse Liabilities Properly Reconcile Bank Account Improve Management Over Voided Receipts Retain Waivers and Timesheets
Pittsylvania*	GDC	No	

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Portsmouth	GDC	Yes	Properly Bill and Collect Court Costs Properly Assess DNA Fees
Portsmouth	JDR	Yes	Properly Bill and Collect Court Fines and Costs
Powhatan*	CDC	No	
Prince Edward	CDC	No	
Prince George	CDC	Yes	Properly Review General Ledger Properly Reconcile Bank Account Properly Bill and Collect Court Fines and Costs Retain Voided Receipts
Prince William	GDC	Yes	Properly Document and Retain Voided Receipts Retain Supporting Documentation for Attorney Payments Properly Bill and Collect Court Fines and Costs
Prince William	JDR	Yes	Properly Bill and Collect Court Fines and Costs
Pulaski*	GDC	No	
Pulaski*	JDR	No	
Radford	CDC	No	
Rappahannock*	CDC	No	
Richmond	JDR	Yes	Properly Bill and Collect Court Costs Request Tax Set-Off Refunds
Richmond (Civil)*	GDC	No	
Richmond (Crim/Traffic)	GDC	Yes	Properly Bill and Collect Court Costs
Richmond (Manchester Crim/Traffic)	GDC	No	
Richmond County*	CDC	No	
Roanoke	GDC	Yes	Certify Court Costs for Appealed Cases Promptly Bill Locality for Public Defender Fees
Roanoke	JDR	Yes	Properly Bill and Collect Court Costs Retain Proper Support for Attorney Payments
Roanoke County*	JDR	No	
Roanoke County	GDC	Yes	Properly Bill and Collect Court Costs

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Rockbridge	GDC	Yes	Properly Monitor and Disburse Liabilities Properly Review General Ledger Properly Update Individual Accounts Receivable
Rockbridge	JDR	No	
Rockingham*	GDC	No	
Rockingham	JDR	Yes	Properly Bill and Collect Court Costs
Russell	CDC	Yes	Properly Bill and Collect Court Costs
Salem*	CDC	No	
Scott	CDC	No	
Shenandoah*	GDC	No	
Shenandoah*	JDR	No	
Smyth*	GDC	No	
Smyth	JDR	No	
Southampton	CDC	No	
Spotsylvania	JDR	Yes	Properly Bill and Collect Court Appointed Attorney Fees
Spotsylvania*	GDC	No	
Stafford*	JDR	No	
Stafford	GDC	Yes	Request Tax Set-Off Refunds Retain Documentation for Payment Agreements Properly Bill and Collect Court Costs Retain Waivers and Timesheets Review General Ledger
Staunton	GDC	No	
Staunton	JDR	Yes	Reconcile Bank Account Request Tax Set-Off Refunds
Suffolk	GDC	Yes	Properly Bill and Collect Court Costs
Suffolk	JDR	No	
Surry	CDC	Yes	Properly Bill and Collect Court Fines and Costs
Sussex	CDC	Yes	Properly Bill and Collect Court Costs Properly Assess DNA Fees Update Individual Account Status Request Tax Set-Off Refunds
Tazewell*	JDR	No	
Tazewell*	GDC	No	

APPENDIX

SUMMARY OF DISTRICT COURT RESULTS

Locality	Court Type	Audit Findings (Yes/No)	Finding Area (Repeats in Red)
Virginia Beach*	JDR	No	
Virginia Beach	GDC	No	
Warren	GDC	Yes	Promptly Deposit Collections
Warren*	JDR	No	
Washington*	GDC	No	
Washington	JDR	No	
Waynesboro*	JDR	No	
Waynesboro	GDC	No	
Westmoreland	JDR	Yes	Perform Daily and Monthly Reconciliations
Westmoreland*	GDC	No	
Winchester	JDR	No	
Winchester*	GDC	No	
Wise/Norton	GDC	Yes	Properly Review General Ledger Reconcile Bank Account Request Tax Set-Off Refunds Properly Bill and Collect Court Costs
Wise/Norton	JDR	Yes	Properly Bill and Collect Court Costs
Wythe*	GDC	No	
Wythe*	JDR	No	
York*	GDC	No	
York	JDR	Yes	Properly Bill and Collect Court Costs Properly Review Waivers

*Limited Control Review Performed