

STATEWIDE REPORT
on the
VIRGINIA DISTRICT COURT SYSTEM

REPORT ON AUDITS
DURING THE PERIOD
JULY 1, 2003 THROUGH JUNE 30, 2004



AUDIT SUMMARY

In our audits of the District Courts completed in our fiscal 2004 work plan and covered fiscal periods through June 30, 2004, we identified the following findings that we consider statewide issues that are common to several district courts.

- Properly Reconcile Bank Account
- Properly Assess and Record Court Fees and Costs

Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or providing training to help specific courts improve. In addition, the Executive Secretary should consider including these issues when conducting statewide training for all district courts.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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April 15, 2005

The Honorable Mark R. Warner
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We are pleased to submit our statewide report on the Virginia District Court System. This report represents the results of audits conducted in our fiscal 2004 work plan and cover fiscal periods through June 30, 2004. The Supreme Court operates the District Court System subject to the Chief Justice of the Supreme Court's administrative supervision. The Virginia District Court System includes all General District Courts, Juvenile and Domestic Relations District Courts, and Combined District Courts in the Commonwealth of Virginia.

Our audits determined whether court officials have maintained accountability over collections, established internal controls, and complied with state laws and regulations. We used a risk-based audit approach for district courts that assesses risk for each individual court to determine the amount of testing we would perform. There are a total of 195 district courts in the Commonwealth. Three localities have General District Courts with multiple divisions for which we issue separate reports. We had findings in 13 of the 142 district courts audited during the period.

This report summarizes the findings from our audits that we consider statewide issues that were common to several district courts. Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or provide training to help these offices improve. In addition, the Executive Secretary of the Supreme Court periodically holds training for all district courts and should consider emphasizing these matters during future training sessions.

- Properly Reconcile Bank Account
- Properly Assess and Record Court Fees and Costs

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

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

AUDITOR OF PUBLIC ACCOUNTS

JMS:
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STATEWIDE INTERNAL CONTROL AND COMPLIANCE ISSUES

Many of our findings in the district courts system focus on the court's lack of strong accounting and internal control procedures in various areas of daily office operations. We have included a summary discussion of the statewide issues below. A complete listing of all district court audit findings is included as Appendix 2.

Properly Reconcile Bank Account

Reconciling the bank statement to the check book to the automated accounting system continues to be a very important and fundamental process in maintaining strong internal controls within the clerk's office. When done properly and timely, the bank reconciliation helps determine the accountability of recording all transactions, detecting and correcting any errors, and the accounting records accurately reflect the amount of money in the bank. Conversely, failing to properly reconcile the bank account significantly increases the chances that errors, theft, omissions, or other irregularities could go undetected.

We found that some clerks fail to properly resolve differences between the bank statement and the court's automated financial system. Differences stemming from returned checks or routine bank service fees, and incorrect adjustments to either the bank balance or the system balance. Sometimes reconciling items go unresolved for extended periods of time. Allowing these reconciling items to go unresolved for several months makes it that much more difficult and time consuming to accurately reconcile the bank account.

Proper and timely reconciliations help identify errors and promote timely correction of those errors so the court's financial management system properly reflects the court's activities. Clerks should properly reconcile their bank accounts to the check book and the automated financial system each month and resolve all differences timely.

Clerks who may not fully understand the reconciliation process in an automated system environment should immediately seek assistance and training from the Supreme Court. Failing to reconcile the bank account monthly or not resolving all differences promptly significantly increase the risk of errors, fraud, or other irregularities going undetected. We noted bank reconciliation issues at the following District Court Clerk offices:

Chesterfield County General District Court (Repeat)
Montgomery County General District (Repeat)

Augusta County General District Court
Scott County Combined District Court

Properly Assess and Record Court Fees and Costs

Some clerks do not properly assess and record fees and costs in accordance with the Code of Virginia. We found errors in the assessment of such fees and costs as the time-to-pay management fee, drug offender fees, and local jail admission fees. We also found offices that routinely altered the amounts of fees and costs from the court-ordered amounts without supporting documentation such as court orders or signed payment agreements. Clerks need to be more diligent in assessing and collecting fees and costs to help finance the district court system and to ensure compliance with the Code of Virginia. We noted improper assessing or altering of fees or costs at the following District Court Clerk offices:

Charles City County Combined District Court (Repeat)
Augusta County General District Court
Stafford County Juvenile & Domestic Relations Court (Repeat)

Stafford County General District Court
Orange County Combined District Court

COMMITTEE ON DISTRICT COURTS

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

The Honorable H. Thomas Padrick, Jr., Judge, Second Judicial Circuit, Vice Chairman

The Honorable Nolan B. Dawkins, Judge, Eighteenth Judicial District

The Honorable R. Larry Lewis, Judge, Thirtieth Judicial District

The Honorable Wenda K. Travers, Judge, Thirty-first Judicial District

The Honorable Philip Trompeter, Judge, Twenty-third Judicial District

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The Honorable Henry L. Marsh III, Member, Senate of Virginia

The Honorable Frederick M. Quayle, Member, Senate of Virginia

The Honorable Walter A. Stosch, Member, Senate of Virginia

The Honorable William J. Howell, Speaker, Virginia House of Delegates

The Honorable Robert F. McDonnell, Member, Virginia House of Delegates

The Honorable Ryan T. McDougale, Member, Virginia House of Delegates

The Honorable Kenneth R. Melvin, Member, Virginia House of Delegates

OFFICIALS

Robert N. Baldwin, Executive Secretary
Office of the Executive Secretary of the Supreme Court of Virginia

APPENDIX 1

DISTRICT COURT AUDITS

This Appendix is a listing of those General District, Juvenile and Domestic Relations, and Combined General District courts that we audited during our fiscal 2004 work plan for the period ended June 30, 2004.

General District Courts	Juvenile and Domestic Relations Courts	Combined General District Courts
Accomack County	Accomack County	Alleghany County
Albemarle County	Albemarle County	Bland County
Augusta County*	City of Alexandria	Brunswick County
City of Bristol	City of Bristol	Buchanan County
Caroline County	Caroline County	City of Buena Vista
City of Charlottesville	City of Charlottesville	Charles City County *
City of Chesapeake	City of Chesapeake	City of Colonial Heights
Chesterfield County *	City of Danville	Craig County
Clarke County	Fairfax County *	Culpeper County
City of Danville	Fauquier County	Cumberland County *
Fairfax County	Franklin County	Dickenson County
Fauquier County	City of Fredericksburg	Dinwiddie County
Franklin County	Halifax County	City of Emporia
City of Fredericksburg	City of Hampton	City of Falls Church
Frederick County	Hanover County	Floyd County
Gloucester County	Henrico County	Fluvanna County
Halifax County	Henry County	City of Franklin
City of Hampton	Isle of Wight	City of Galax
Hanover County	James City/Williamsburg	Giles County
Henrico County	King & Queen County	Goochland County
Henry County	King William County	Grayson County
Isle of Wight	Mathews County	Greene County
James City/Williamsburg	Mecklenburg County	Greensville County
King & Queen County	City of Newport News	City of Hopewell
King William County	City of Norfolk	King George County
City of Martinsville	Northampton County	Louisa County
Mathews County	Northumberland County	City of Lynchburg
Mecklenburg County	Patrick County	Orange County *
Montgomery County – Blacksburg *	City of Petersburg	Powhatan County
Montgomery County – Christiansburg	Pittsylvania County	Prince Edward County
New Kent County	City of Portsmouth	Prince George County *
City of Newport News Civil Division	Prince William County	City of Radford
City of Newport News Criminal Division	City of Richmond	City of Salem
City of Norfolk Civil Division	City of Roanoke	Scott County *
City of Norfolk Criminal Division	Roanoke County	Shenandoah County
City of Norfolk Traffic Division	Rockingham County	Southampton County
Northampton County	Spotsylvania County	Surry County
Northumberland County	Stafford County *	Sussex County
Page County	Suffolk County	

* Denotes audit with one or more findings

APPENDIX 1 DISTRICT COURT AUDITS

General District Courts (Cont'd)	Juvenile and Domestic Relations Courts (Cont'd)	Combined General District Courts (Cont'd)
Patrick County	Tazewell County	
City of Petersburg	City of Virginia Beach	
Pittsylvania County	Washington County	
City of Portsmouth	City of Waynesboro	
Prince William County	Wythe County	
Pulaski County *	York County	
City of Richmond – Manchester *		
City of Richmond Traffic Division		
City of Roanoke		
Roanoke County		
Rockingham County		
Spotsylvania County		
Stafford County *		
Suffolk County		
City of Virginia Beach		
Washington County		
City of Waynesboro		
City of Winchester		
Wise/Norton City		
York County		

* Denotes audit with one or more findings