

**CAROLYN H. HONEYCUTT
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF CARROLL**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**



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Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 6, 2012

The Honorable Carolyn H. Honeycutt
Clerk of the Circuit Court
County of Carroll

Sam Dickson, Board Chairman
County of Carroll

Audit Period: January 1, 2011 through December 31, 2011
Court System: County of Carroll

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 control 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: clj

cc: The Honorable Robert M. D. Turk, Chief Judge
Gary Larowe, County Administrator
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

COMMENTS TO MANAGEMENT

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

Properly Bill and Collect Court Costs

The Clerk and her staff did not properly bill and collect court costs. In five of 33 cases tested, the auditor noted the following errors.

In three cases, the Clerk did not bill the defendants for the following.

- Court appointed attorney fees totaling \$278
- State fine totaling \$250
- Fixed misdemeanor fee totaling \$131
- Commonwealth attorney fees totaling \$10
- Courthouse security fees totaling \$10
- "Internet crimes against children" fee totaling \$10

In one case, the Clerk miscoded the local DNA fee as a "processing" fee totaling \$12.50.

In one case, the Clerk erroneously billed the defendant for a "time to pay" fee of \$10.

The Clerk should correct these specific cases noted above. The Clerk should implement a process to review all court costs entered in the accounting system after the trial to help prevent these types of errors from reoccurring. Further, the Clerk should bill and collect court costs in accordance with the Code of Virginia.

Properly Manage Copy Fees

As noted in the prior year audit, the Clerk did not properly distribute copy fees. The Clerk incorrectly calculated the copier related expenses and distributed \$1,331 to the Commonwealth instead of the locality. The Clerk should reimburse the locality for copier related expenses. We acknowledge the Clerk has made improvement in managing her copy fees since our last audit. We recommend the Clerk continue to work with her staff to ensure they understand how to distribute copy fees as required by the Code of Virginia.

Properly Manage Access

The Clerk did not delete for up to two years a former employee's access to the court's automated accounting system. Having unauthorized individuals with access to the court's automated information system could compromise the integrity of the system and the data it contains. The Clerk is responsible for granting, changing and terminating access to the court's automated information system as required by the Circuit Financial Management System User's Guide. The Clerk should promptly delete an employee's access to the automated system when an employee retires.

The Clerk allowed two part time employees to use her access to the court's automated accounting system. It is critical each user have a unique password and user ID to provide accountability and integrity over the information within the automated system. The Clerk should ensure that the court has adequate staff with proper training and authorization to access the automated system. The Clerk should immediately change her password to access the court's automated accounting system. Further, the Clerk should never share her password to the automated system.

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Carolyn H. Honeycutt
CLERK

April 16, 2012

Walter J. Kucharski
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Mr. Kucharski:

I am responding to the Comments on Management dated April 6, 2012 regarding the recent audit in the Carroll County Circuit Court Clerk's Office for FY2011.

In the matter of Properly Bill and Collect Court Costs, the process for computing costs and the billing of those costs involve four staff members out of an office with only six staff members. Those four individuals processed 1022 criminal cases during 2011. Please note that those four individuals have many other responsibilities. The division of responsibilities regarding costs is to achieve the most accurate calculation and timely billing as possible. Costs begin with the individual cost sheet prepared by a staff member. Another staffer manages the case on CMS. A third staff member attends Court and takes notes. After conviction, a fourth staffer computes the cost, enters the data into FMS and mails the cost sheet. As the case goes through this processing, a task list for each case accompanies the case with each step. As each deputy clerk completes her part of the process, she records the completion on that task sheet and sends it to the next person to process. As a result of this process fewer errors occur. Finding five errors out of the 33 tested appears to be human error. All of the errors are corrected. No revenues are lost. Also, as a part of finding and correcting any errors, I added a fifth and final phase in the process. After conviction when all costs are calculated but before mailing the costs sheet to the victim, the case is returned to the first individual who initially prepared the cost sheet to review the calculations and to review the data entries in FMS. The last corrective measure is a change in personnel in the office to ensure greater accuracy.

In the matter of Properly Manage Copy Fees, I became aware of a problem regarding copy fees when preparing for the change in the office copy account code from a reserved code 421 to code 236. In March 2011, I hired two individuals part time to work on the copy system from billing an invoice to each customer to the final disbursement to pay copy bills or to prepare the necessary disbursement to the county or state. Current office staff was assigned to assist in determining the best process in the office. The part time personnel spent many months assessing the situation. The problem still existed when the 2011 audit began. I completed the process to achieve accuracy, manage copy fees, and disburse

accurately before the end of the 2011 audit. Any incorrect disbursements made to the state instead of the county are being corrected as revenue allows. The first corrective measure is for me to assist with and review the BRO29 sheet each month. Another corrective measure is to change personnel within the office.

In the matter of Properly Manage Access, I allowed a retired chief deputy clerk to retain her security access after her retirement. She volunteered to work part time as needed. The retiree had no keys to access the office after hours so she could only use the access code during office hours. The situation described remained the same until the retiree gave me notice that she is unable to work part-time. Her security access is currently deleted. She held a security code in this office from 1984. I did not see her as a risk.

I allowed two part time employees to use my security access code to receipt and for read only access to CMS. The two tasks that they were taught to do are receipting and looking up information. Each individual added his initials to each receipt he produced. I had complete tracking ability for all receipting. I have since applied for and received individual security access for each part time employee and I have changed my security code. As the Clerk, I believed that I could clear the use of my code because no one is given security clearance without my permission.

I am serving my 21st year as Clerk of the Circuit Court. I completed 19 audits without having a management point. I operate this office to best of my ability with the number of staff that I am allowed. I always see an audit as a way to help me identify problems and improve office operations. I attempted and feel that I achieved all corrections identified in the 2010 audit. I disagree with the finding of any management points as all revenues are accounted for and corrective measures were implemented before the end of the 2011 audit. Management and operations of this office are affected by situations that cannot be controlled by the Clerk. Six staff member (including the clerk) cannot answer the phone, wait on customers, input data, and do calculations on 800 different tasks without making some errors. The audit identifies areas that need attention. I regret that the identification results in a report that seems to make the Clerk appear negligent. I know that no matter how hard and carefully we work, something will be found that is a management point in the audit for 2012.

Sincerely,

A handwritten signature in black ink, reading "Carolyn H. Honeycutt". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Carolyn H. Honeycutt, Clerk