



**JEFF SMALL**

**CLERK OF THE CIRCUIT COURT  
FOR THE  
CITY OF FREDERICKSBURG**

**REPORT ON AUDIT**

**FOR THE PERIOD**

**JANUARY 1, 2012 THROUGH JUNE 30, 2013**

## 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.

### Improve Internal Controls

Our audit identified areas where the Clerk has not implemented controls strong enough to minimize the risk of fraud and provide protection for Commonwealth assets and the staff responsible for them.

- There is no secondary review and approval of the monthly bank statement reconciliation.
- All copies of voided receipts are not retained.
- Daily system reports downloaded to computer hard drives are not systematically and consistently copied to duplicate CDs for storage.
- The General Ledger Report is not reviewed to identify errors such as incorrect account codes, negative balances, or unusual activity.
- System access for terminated employees has not been deleted.

The Clerk is responsible for implementing controls to the accounting procedures such that revenues are secured and staff accountability exists.

### Establish Receivable Accounts

The Clerk and his staff do not properly use available system reports to ensure all needed receivable accounts are established. The Commonwealth recovers the costs of prosecution when defendants pay the costs assessed by the Clerk. Upon conviction, the Clerk establishes a receivable account for the defendant. Using the system provided *Concluded Cases without Receivables Report* ensures the Clerk has established all appropriate accounts. Our audit revealed 26 defendants whose accounts totaling \$23,926 had not been established. The Clerk should establish the accounts, bill the defendants, and implement procedures to ensure available reports are used efficiently.

### Properly Bill and Collect Court Costs and Fines

The Clerk and his staff did not properly bill and collect court costs and fines resulting in a loss of revenue to the Commonwealth and locality. In 26 cases tested, the auditor noted the following errors.

- In three cases, the Clerk did not bill the defendants for court appointed attorney fees of \$1,680 and fixed fees of \$899
- In six cases, the Clerk erroneously billed defendants for court appointed attorney fees of \$2,265 and other fees of \$56.
- In one case, the Clerk incorrectly classified a local fine of \$500 as a state fine.
- In one case, the Clerk failed to bill the locality for attorney fees of \$158.

The Clerk should correct these specific cases noted above. Further, the Clerk should bill and collect court costs and fines in accordance with the Code of Virginia.

### Collect Probate Tax

The Clerk did not bill and collect probate tax based on the amount of the estate as required by Section 58.1-1712 Code of Virginia. In three of 15 estates tested, additional tax was payable following the approval of the final accounting. The Clerk should bill and collect \$832 in additional tax on these probates, and implement controls to ensure all future accounts are properly billed.

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Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

August 20, 2013

The Honorable Jeff Small  
Clerk of the Circuit Court  
City of Fredericksburg

Mary Katherine Greenlaw, Mayor  
City of Fredericksburg

Audit Period: January 1, 2012 through June 30, 2013  
Court System: City of Fredericksburg

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System 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.

The Clerk has taken adequate corrective action with respect to the internal control finding reported in the prior year that is not repeated in this letter.

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

MSM: clj

cc: The Honorable David H. Beck, Chief Judge  
Mr. Beverly R. Cameron, City 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

# City of Fredericksburg

Founded 1671

Fredericksburg Circuit Court  
Office of the Clerk  
815 Princess Anne Street  
Fredericksburg, VA 22401  
Phone: (540) 372-1066



Jeff Small  
Clerk of Court

Trish King  
Chief Deputy Clerk

August 14, 2013

Martha Mavredes  
Auditor of Public Accounts  
PO Box 1295  
Richmond, VA 23218  
804-225-3350

Ms. Mavredes:

Thank you for taking the time to assist the Fredericksburg City Circuit Court Clerk's Office with your management audit. As a new clerk, the feedback and consulting that the audit has provided has helped me ensure that the residents of Fredericksburg have the most efficiently run and well managed clerk's office possible. The consultant assigned to our court, Katherine St. Lawrence, not only reviewed and investigated our management practices, but she took the time to train us to track and perform the various management points that are unaddressed in new clerk training offered by the State. Mrs. St. Lawrence's guidance and advice was technically on point and she has a gift of teaching and instructing. It was one of the best experiences as clerk I have had since taking office. It is my intention, and I believe the consultant can back this statement up with my actions and behavior during and since the investigation, that this office be proactive in correcting any management deficiencies and providing full disclosure and assistance to the public in all aspects of management of their clerk's office. Finally, before I address each point in your comments **I am pleased to state that almost every management point brought up during the consultation was addressed, remedied and an action plan and procedure put into place before she left. In addition, there is no discrepancy in bank reconciliation and no missing funds.**

- I. ***Improve Internal Controls- The state has provided no training to this administrations office on this management point and the consultant, during her investigation, provided guidance to address all of the below.***
  - A. Since the consultant's exit, the procedure in place for every daily, monthly and annual report that requires secondary review is reviewed by the clerk immediately up completion of the report.

During the days the clerk is not available another deputy will review the report and sign off on it. When the clerk returns he will perform a third review of the report. Every person who prepares and reviews the report is trained to read and interpret the report to prevent blanket uninformed signing of reports.

- B. All three copies of voided receipts are being retained. The register prints three receipts. Previously, we kept two receipts for every void but let the customer retain his/her copy. We were not aware that we needed to get that back from the customer but have since changed our practice to get the customer copy back and retain all three.
- C. Prior to the consultant's visit we were making copies of daily system reports, but not on a set schedule, instead periodically. During the consultation we had copies on CD of daily reports, none were missing; however, the consultant advised we make weekly copies and have since put that procedure in place and have the CDs made in accordance with her recommendations.
- D. The consultant trained us to review general ledgers for incorrect data. While the consultant was here we reviewed all past ledgers and through June 30, 2013. From June 30 forward we have in place the procedure to review these ledgers as recommended by the consultant.
- E. Since the exit of the consultant, all terminated employee accounts have been deleted. There is now a procedure in place to delete a terminated employee's account within 24 hours of termination.

**II. *Establish Receivable Accounts- The state has provided no training to this administration's office on this management point and the consultant, during her investigation, provided us with the guidance to address all of the below.***

- A. All of the reviewed cases have been updated as of August 1, 2013, all invoices and DC225 letters were sent out and a book was created to track these cases. This office will now await payment and receipt accordingly. Per the consultant's recommendations, these will be tracked once a month.

**III. *Properly Bill and Collect Court Costs and Fines- The state has provided no training to this administration's office on this management point and the consultant, during her investigation, provided us with the guidance to address all of the below.***

**IV.**

- A. In three cases the clerk didn't bill for court appointed attorney fees of \$1680 and a fixed fee of \$899. This has been remedied. The fixed fee of \$899 was a clerical typographical error. The entry should have been \$908 but the clerk entered \$9.08, resulting in a shortage of \$899. This was human error and a one time mistake that did not appear again in the consultant's investigation of other cases. Invoices for the attorney fees of \$1680 have been sent out and we are now able to follow proper collection procedures to collect the monies owed for this.
- B. Four of six of the billing errors have been fixed and there is no longer a record of overpayment and the defendant's have yet to pay on these court appointed attorney fees. On the two remaining accounts the defendants have paid and this court will be issuing under the FMS code 113 a refund in the respective amounts \$23 for CR12-155 and \$12.50 for CR12-1464. to prevent this error in the future we have implemented procedures recommended by the consultant that include a monthly review of the BU03 report to spot any mistakes timely and correct them.
- C. The state fine has been reclassified as a local fine and this mistake has been fixed. This point has been remedied.
- D. Before the consultant left the clerk had billed the locality for the attorney fess of \$158. This point has been remedied.

**\*\* Thanks to the guidance and recommendations of the consultant controls and procedures are now in place and staff accountability is monitored.**



- V. ***Collect Probate Tax- The state has provided no training to this administration's office and the consultant during her audit provided us with the guidance to address all of the below.***
- A. Before the consultant completed her review all back taxes were billed and collected; all \$832 collected and receipted. A review of estate inventories and accountings and a collection procedure is in place to prevent this mistake from happening in the future.

**I look forward to the next management review so that the state and locality can monitor our progress, improvement and motivation to always move forward.  
Thank you.**

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Small', with a stylized, cursive script.

Jeff Small  
Clerk