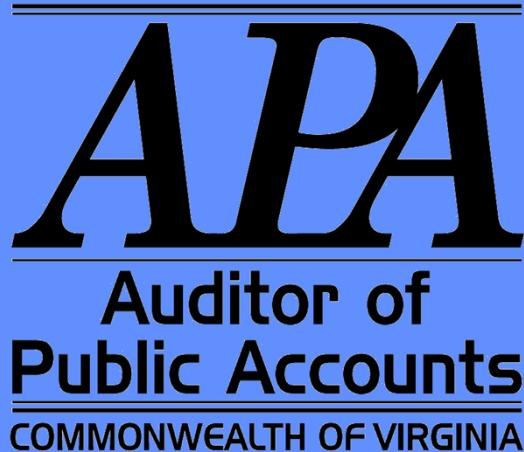


**WENDELL G. PETERS
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF FLOYD**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2010 THROUGH MARCH 31, 2011**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

April 18, 2011

The Honorable Wendell G. Peters
Clerk of the Circuit Court
County of Floyd

Board of Supervisors
County of Floyd

Audit Period: January 1, 2010 through March 31, 2011
Court System: County of Floyd

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 a matter involving internal control and its operation necessary to bring to management's attention. The matter is discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate this matter provided by the Clerk are included as an enclosure to this report.

We discussed this comment 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 Colin R. Gibb, Chief Judge
Daniel J. Campbell, 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 matter 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 his staff did not properly bill and collect court costs. In 23 tested, we noted errors in six of these cases.

- In four cases with the same defendant, the Clerk over-charged court-appointed attorney fees of \$21,605. Without statutory authority, the Clerk billed for investigative services of \$1,950. Additionally, the Clerk did not bill for transcript fees of \$7,735, psychiatric evaluation fees of \$531 and medical fees of \$32.
- In two cases, the Clerk did not bill the defendants for the drug offender fees of \$300.

The Clerk should consider asking the Office of the Executive Secretary of the Supreme Court of Virginia to provide training for his staff on billing and collecting criminal related court costs. After receiving the training, the Clerk should have his staff review all similar court cases and make any necessary corrections to the case papers. The Clerk and his staff should bill and collect court costs in accordance with the Code of Virginia.



Clerk of the Circuit Court
100 E. Main St. — Room 200
Floyd, Virginia 24091
(540) 745-9330

Wendell G. Peters
Clerk

Danah T. Howell, Deputy
Rhonda T. Vaughn, Deputy
Joan S. Slusher, Deputy

May 9, 2011

Karen Helderman, Audit Director
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218-1295

RE: Audit Period Jan. 1, 2010 through March 31, 2011

Dear Ms. Kelderman:

This letter is intended to address the Comments to Management and any corrective action plan.

The deputy that does Court costs has been in this office almost 40 years. She does the costs and I enter into the system as a double check.

We had two cases we did not bill the \$150 drug offender fee. You are aware the FMS formats the court costs. For whatever the reason, this fee did not format on these cases. When costs were calculated, that cost for this fee was "whited out" as we felt it was to not be charged since it did not appear on the format. We have now gone back through the files and updated the charges not billed. We have also checked the formatting and it appears to be working. It had previously worked and we had billed the fee on those cases.

Prior to the court appointed "cap," we billed the payment the Judge approved. Until we lost our Judge in February 2010, the cap was a moot point. With the various judges we have had, this is now beginning to appear although not often. We were in error in billing the "cap" as we were used to billing the approved fee. The court reporter expense was merged into the "fixed fee." The transcripts were presumed in error to be included also. We had a Court order for investigative service, which was more than the judge allowed. Since we had a Court order, we billed this. We simply missed the psychiatric evaluation fee and medical fee. We in fact, over billed on this case instead of there being any revenue loss. This defendant was sentenced to over 21 years in the Virginia Department of Corrections.

We have gone back through the files for several years and believe we have made any necessary correction.

We have added a third person to watch for these additional fees when forwarded for payment and question each one as to whether it should be added to the individual defendant's costs which I believe will solve the assessing problem. We will simply have to watch the formatting closer in the future on the drug offender fee. The entire staff is enrolled or will have access to the June 2011 Fees & Costs training session.

MAY 10 '11 PM 3:51

I trust our actions will eliminate any future cost assessing problems.

A handwritten signature in cursive script, appearing to read "Wendell G. Peters".

Wendell G. Peters
Clerk of Circuit Court
Floyd County, VA