



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

March 15, 2010

The Honorable W. Dale Houff
Chief Judge
County of Warren General District Court
116 South Court Street, Suite B
Luray, VA 22835

Audit Period: July 1, 2008 through June 30, 2009
Court System: County of Warren
Judicial District: Twenty-sixth

We are performing a statewide audit of the General District Courts. During our review of this court, we conducted certain audit procedures, as we deemed appropriate.

Management of this court is an important part of the court's accountability, since you are responsible for establishing and maintaining internal controls and complying with applicable laws and regulations. During our review, we noted certain matters that required management's attention and corrective action. These matters included:

Properly Review Accounting Transactions

During the audit period, the Clerk could not prepare her monthly bank reconciliation without assistance from the Executive Secretary's Office. Even with assistance, the Clerk has reconciling items totaling \$3982, which she has insufficient information to correct.

Timely and complete reconciliations are an essential internal control. Personnel from the Executive Secretary's Office should work with the Clerk and Chief Judge to both develop a training plan and set performance expectations, which include the resolution of old reconciling items and the timely, complete and accurate preparation of the bank reconciliation.

Properly Investigate Cash Differences and Maintain Accountability

We found one day where the daily collections and deposit ticket had a difference of \$200 with no explanation of why there was a difference. Additionally, someone altered the deposit slip and cash reconciliation worksheet for that day, and the Clerk could not produce the detailed accounting records for the period of the error.

All employees use the same cash drawers, which did not allow for individual accountability and two shortages occurred resulting in a total shortage of \$398.79. Therefore, the Clerk could not identify the employee who had the cash shortage.

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During the audit period, the Clerk had cash accounting errors of approximately \$600. The Clerk should implement the use of individual cash drawers and monitor which employees have any daily cash overages and shortages by employee, to determine if someone needs additional training in properly handling cash or does not have the ability to handle cash. Additionally, the Clerk should immediately verify all deposits with the daily collection report from the accounting system and resolve all differences.

Improve Recording Information in the Accounting System

The Clerk does not properly enter fines and costs in the court's automated financial accounting system. We noted errors in 10 of 52 cases tested.

- In one case involving a state violation, the Clerk did not properly enter the fine in FMS as required by Section 19.2-340 of the Code of Virginia. Instead, the Clerk entered the fine as local, resulting in a loss of revenue to the Commonwealth totaling \$500.
- In one case, the amount on the List of Allowances was inappropriately certified by the Clerk and judge to authorize payment from the Office of the Executive Secretary, resulting in a loss to the Commonwealth in the amount of \$445.
- In two cases the due date was not supported by proper documentation, resulting in a loss of \$20 time to pay fee to the Commonwealth.
- In one case the Time to Pay fee was entered as \$20, resulting in an over assessment to the defendant in the amount of \$10.
- In one case the Courthouse Security fee was entered incorrectly which resulted in an over-assessment to the defendant of \$41.
- In four cases, the Clerk failed to bill the locality \$427.50 for court-appointed attorney fees. In one of these three cases, the defendant was not charged \$67.50 for public defender fees.

The Clerk should review with the deputies the process for entering information into the accounting system to help them improve their accuracy. If one of the employees has problems with data entry, the Clerk should make sure that after receiving training, accuracy is part of the individual's performance evaluation.

Properly Maintain Court Records

In four cases transferred to the Circuit Court, the Clerk did not retain the signed Circuit Court Case Transmittal and Fees Remittance Form as required.

Properly maintained records are the source of information to verify that court personnel did their duties correctly and that the court made appropriate payments. Therefore, it is essential that the court maintain those records.

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Request Tax Set Off Refunds

The Clerk did not request a tax set off refund for an individual that owed delinquent court costs and fines as required by Section 58.1-524 (A) of the Code of Virginia. This resulted in a loss of \$123 of funds. Starting in fiscal year 2006, a court must request the tax refunds through the Department of Taxation's automated accounting system called the Integrated Revenue Management System.

Monitor Daily Reports

The Clerk does not monitor the court's daily reports to ensure that balances in account codes are appropriate.

- Clerk entered a negative \$22.00 in the Tax Department Fees account, which the courts use to record the deposit and disposition of intercepted tax refund against delinquent fines and cost. By misreporting the amount, the Clerk made it appear the court owed the defendant \$22.00 rather than the defendant still owing \$22.00.
- The Clerk improperly prepared and recorded a journal entry resulting in a negative balance of \$3.11 in the Guardian Ad Litem fee.
- The Clerk has not corrected the errors occurring in cases reported to the Department of Motor Vehicles (DMV) since November 2005. The court's automated system prepares a report, *DMV Cases with Errors that Need Correcting and Interface Errors Report*, which show the problems encountered by DMV in recording the information in their system. By not correcting these errors, defendants with suspend license, unpaid fines and cost or someone, who had their restriction removed, could erroneously operate a vehicle.

The Clerk should take the following actions immediately, bill the defendant for the \$22, prepare a journal entry to correct the error and correct and resubmit the information to DMV. The Clerk should review the reports daily, research any unusual items on the report, and immediately correct any accounts with inappropriate balances by working through the Supreme Court.

We acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:alh

cc: Pamela S. Kidwell, Clerk
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia