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Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

May 31, 2019

The Honorable Jeffrey P. Bennett  
Chief Judge  
City of Lynchburg Juvenile and Domestic Relations District Court  
P. O. Box 178  
Amherst, VA 24521

Audit Period: July 1, 2017 through June 30, 2018  
Court System: City of Lynchburg  
Judicial District: Twenty-fourth

We are performing a statewide audit of the Juvenile and Domestic Relations 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 Bill and Collect Court Costs**

**Repeat:** No

The current and former Clerk and their staff did not properly bill and collect court costs. In 32 cases tested, we noted the following errors.

- In four cases, defendants were not charged \$815 in court costs.
- In two cases, court costs of \$432 were not certified to the Circuit Court.
- In three local cases, the Commonwealth, rather than the locality, was billed for \$360 in court appointed attorney fees.

The current Clerk and her staff should correct the specific cases noted above and institute a more diligent system of review to minimize the likelihood of billing errors going undetected. In all cases, the Clerk should bill and collect court costs in accordance with the Code of Virginia.

**Request Tax Set-Off Refunds**

**Repeat:** Yes (first issued in 2017)

The Clerk did not submit claims to the Virginia Department of Taxation (Taxation) for tax set-off of refunds for delinquent court costs and fines totaling \$198, resulting in a loss of revenue to the Commonwealth and Locality. A court must submit claims for set-off of tax refunds through Taxation's automated accounting system. The Clerk should use the tax refund set-off process to maximize collections as required by the Code of Virginia.

**Properly Reconcile Bank Account**

**Repeat:** No

The Clerk has not reconciled the court's bank account since June 2018. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. The Clerk should perform monthly bank reconciliations upon receiving the bank statements and resolve all reconciling items timely as required by the Financial Accounting System User's Guide.

**Improve Management Over Voided Receipts**

**Repeat:** No

Neither of the receipts voided during the audit period, under the former Clerk's tenure, were initialed by a supervisor. In addition, one of the voids was not recorded in the court's automated financial system for over a month and was not documented with the daily financial reports. Voided transactions pose an increased risk for fraudulent activity, and, as such must be monitored and controlled closely.

The current Clerk and her staff should initial all voided receipts, indicating review and approval of the voided transaction, promptly record voided transactions in the accounting system, and maintain documentation of voided transactions with the daily accounting reports as required by the Financial Accounting System User's Guide.

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We acknowledge the cooperation extended to us by the Clerk and her staff during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:vks

cc: The Honorable Brooke W. Gaddy, Judge  
The Honorable H. Cary Payne, Judge  
Victoria Baez, Clerk  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia