

**DEBRA M. SHIPP  
CLERK OF THE CIRCUIT COURT  
OF THE  
COUNTY OF ALBEMARLE**

**REPORT ON AUDIT  
FOR THE PERIOD  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**



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# Commonwealth of Virginia

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

**Walter J. Kucharski, Auditor**

July 28, 2010

The Honorable Debra M. Shipp  
Clerk of the Circuit Court  
County of Albemarle

Board of Supervisors  
County of Albemarle

Audit Period: January 1, 2009 through December 31, 2009  
Court System: County of Albemarle

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.

Not only has the Clerk not corrected the two reported findings from the last audit, there are additional areas of concern that originated during the current audit period and all items are reported below.

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:alh

cc: The Honorable Cheryl V. Higgins, Chief Judge  
Robert W. Tucker, 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 Reconcile Bank Accounts**

The Clerk again failed to reconcile the bank account and resolve reconciling items for fifteen months. In combination with the prior audit, the clerk has not in effect reconciled the bank account since April 2008. It is critical that the Clerk reconciles this account and makes necessary corrections to the accounting system monthly to ensure the bank statement, checkbook and accounting system agree. The Clerk should immediately reconcile the checking account or contact Supreme Court of Virginia Office of Executive Secretary for further assistance.

### **Properly Invest and Maintain Trust Funds**

The Clerk failed to invest monies entrusted to her for three trust funds totaling \$25,881 within 60 days of receiving the funds in July 2009. The Clerk invested one account in April 2010; however, the Clerk has not yet invested the other two accounts.

The Clerk is personally liable for the loss of any earned interest because of Clerk's failure to invest these funds for the beneficiaries according to Section 8.01-600(F) of the Code of Virginia. Additionally, we note the Clerk failed to post interest timely for one month during the audit period and has incorrectly recorded several condemnation accounts as trust fund accounts.

The Clerk should review the Trust Fund Administration Manual to ensure the office is investing funds properly and is recording fund properly in the Financial Management System. Finally, the Clerk should immediately invest the funds and arrange with the Chief Judge to satisfy her liability for lost earnings.

### **Use System Reports Effectively**

The Clerk does not use an available system report designed to ensure that the clerk records all costs and fines for convicted defendants. When the Clerk records a conviction in the automated Case Management System, she must also establish a receivable account in the Financial Management System. These systems provide daily, weekly and monthly informational reports to assist the Clerk and the FMS Manual provides detailed instructions for the use of these reports. Currently the Clerk is not using the 'Accounts without Receivables Report' and we recommend the Clerk review the Manual and ensure this report, and others, are properly used.

### **Properly Remit Sheriff Fees**

The Clerk failed to remit sheriff fees within 10 days of month-end to the Treasurer as required Section 15.2-1609.3 of the Code of Virginia. The Clerk should immediately implement proper procedures to remit fees in a timely manner and comply with the Code of Virginia.

We noted the following matter involving internal control and its operation that has led or could lead to noncompliance with laws and regulations.

### **Participate in the Debt Set Off Program**

Once again, the Clerk's Office has no one certified to respond to Department of Taxation Debt Set- Off

matches and claim potential funds since no one has completed the required training to access the automated system. Section 58.1-520 of the Code of Virginia directs that all state agencies and institutions shall participate in the debt set-off collection program to collect delinquent accounts such as court costs. In 2006, both the Supreme Court of Virginia and the Department of Taxation developed processes for accessing the Integrated Revenue Management System.

The Clerk should take immediate action to have staff complete the training program that will allow them to access the system, respond to email notifications, and claim funds. Lack of participation during tax seasons results in lost revenues to both the local government and the Commonwealth.

# Commonwealth of Virginia



## RECORDATION & PROBATE

(434) 972-4083

### Deputies

Tonette Morris  
Patsy Minahan  
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Debra M. Shipp, Clerk  
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## COURT SERVICES

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Terri Meeks  
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TO: Walter J. Kucharski, Auditor  
Randall Johnson, Senior Specialist

FROM: Debra M. Shipp, Clerk  
Albemarle County Circuit Court

DATE: July 8, 2010

Please accept the following as an explanation and a course of action for the audit conducted for the period of January 1, 2009 through December 31, 2009. On May 8, 2009 I had to terminate an employee for inappropriate use of county computer, (spending time on face book and excessive defamatory personal emails). I was in the process of trying to cross train in all areas of office to be effectively covered during periods of vacations and absences. Some employees feel threatened by cross training as it has never been implemented in this office. Since cross training has not been implemented over the years, this left the probate division in limbo with on demand training and many hours of phone conferences to other clerks and the Supreme Court. In our criminal office, we are averaging two judges two to three days a week. I have two criminal clerks – one will be retiring soon, but over the course of employment has had numerous medical issues with frequent absenteeism. This left me to cover court – getting behind in the daily duties. I have requested additional personnel to keep up with the daily operations of this office. I have spent numerous hours trying to rearrange an area that was considered to be in violation of fire codes, arranging criminal files in order and relocating them to an off site storage for their security. Overall there have been many changes within the office during my first two years. As I previously stated, many areas of this office were handled by only one person with no one as back up. As Clerk I have been diligently trying to make notes as I learn the different duties, therefore leaving a trail for anything needing to be done in my absence. I have had to construct personnel files for all employees as there were no files to be located. I had to learn the process for entering leave for employees through the county system. Another unexpected duty that was

relinquished to this office from the newly elected sheriff was the responsibility of jury selection. This took on precedence as the jury selection had to also be done in a timely manner. Also, the position in the IT department was dissolved and the jury updates were subsequently remanded to our office and several employees were working long hours to help get updates entered so that the jury panels could be drawn.

I am thoroughly aware there are still areas that need improvement. I feel that I have made major accomplishments in the entire office which covers two floors. I spend numerous hours here striving to perfect each and every department in the daily operations. I make it a point to send deputies to as many courses as possible, but with the lack of staffing that is sometimes difficult.

### **Properly Reconcile Bank Accounts.**

The bookkeeping aspect of the office has become more familiar. In January 2010 I opened an account at SunTrust which is where the investment accounts are invested having only one account to reconcile. This alleviated any possibility of errors resulting in having to journal voucher monies to other checking accounts.

In January 2010 I started using computer checks to alleviate possible errors and allowing system to generate daily checkbook register. I have contacted Dave O'Dell and Martin Watts to assist me in the correct procedures of daily office functions.

Upon their visit, I will have other employees trained by them so that we can better track the daily reports that are generated.

### **Properly Invest and Maintain Trust Funds**

I have invested all monies pertaining to trust funds. I was under the impression that I should always have an addendum before investing the account. This is also an area that I had to self train, as it became complex having to deal with two separate accounts. Dave O'Dell instructed me to terminate the separate checking account for investment accounts which has made it easier to control.

I will review again the Trust Fund Administration Manual to ensure this office is investing the funds properly and will not hesitate to ask questions to Dave O'Dell and Martin Watts, whom have been most helpful.

I will contact the Chief Judge to satisfy any liability for lost earnings.

### **Use System Reports Effectively**

I will consult with and review the FMS manual and consult with Dave O'Dell and Martin Watts to make sure we are using the Accounts without Receivables Report properly. I will make sure the clerks handling the criminal matters attend all classes offered through the Supreme Court as well as new clerks being trained in that area.



### **Properly Remit Sheriff Fees**

The money remitted to the sheriff was processed on the appropriate date, however on some occasions was unable to be delivered in a timely manner. I have made sure the money is delivered in a timely manner in compliance with the Code of Virginia.

### **Participate in the Debt Set Off Program**

Upon my last audit I was in the process of having another employee complete the course in the Department of Taxation Debt Set-Off training. At that time the person was unexpectedly transferred into the probate department with very little knowledge in that field (due to lack of cross training). Since my audit exit, I have taken and successfully completed the course. Another employee has almost completed the course and I will have the new employee working in the criminal office take the course as well.

We shall be well prepared in the upcoming tax seasons.

Debra M. Shipp