



JEFF SMALL  
CLERK OF THE CIRCUIT COURT  
FOR THE  
CITY OF FREDERICKSBURG

FOR THE PERIOD  
JULY 1, 2013 THROUGH MARCH 31, 2015

Auditor of Public Accounts  
Martha S. Mavredes, CPA  
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## 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 Manage Liability Accounts and Report Unclaimed Property (New)**

The Clerk did not monitor liability accounts to ensure proper classification and timely disbursement of funds. Errors in eight of 35 accounts include:

- Two garnishment accounts misclassified and held without proper notification to the creditors
- One \$1,500 bond forfeiture not remitted to the state
- Two filing fees not credited appropriately
- One bond for a finalized case held without proper notification to counsel for disbursement
- One \$13,430 law deposit that should have been escheated
- One invested chancery deposit earning interest although the principal was paid pursuant to court order

Additionally, the Clerk did not remit unclaimed liabilities and unclaimed outstanding restitution checks to the Division of Unclaimed Property and the Criminal Injuries Compensation Fund, respectively, as required by Section 55-210.26:1 of the Code of Virginia. Not remitting unclaimed property subjects the Clerk to a liability for civil penalties.

The Clerk should monitor the liability listing on a monthly basis, disburse accounts as applicable, and remit unclaimed funds on a yearly basis to the Division of Unclaimed Property and the Criminal Injuries Compensation Fund as required by the Code of Virginia.

### **Properly Maintain Voided Receipts (New)**

The Clerk did not maintain proper documentation of voided transactions. Voided transactions increase the risk of loss or the potential for fraud and as such, must be properly monitored and approved by supervisory staff. The Financial Management System Users Guide directs Clerks to retain all copies of voided receipts and include supervisory documentation as to the reason for the void. Three of eleven voided receipts were not maintained in their entirety. The Clerk should follow established procedures when voiding transactions.

### **Establish Receivable Accounts (Repeat)**

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. Staffing changes during this audit period resulted in a breakdown of this process. The Clerk should request the reports for this audit period, review and establish any needed accounts, bill the defendants as needed, and implement procedures to ensure these reports are used efficiently on a monthly basis.

#### **Properly Bill and Collect Court Fines and Costs (Repeat)**

The Clerk and his staff did not properly bill and collect court fines and costs resulting in a loss of revenue to the Commonwealth and the locality. In 12 of 43 cases tested, the auditor noted the following errors.

- Four cases were miscoded as state rather than local, resulting in a loss to the City of \$1,372. In addition, two cases were miscoded as local rather than state, resulting in a loss of \$803 to the Commonwealth.
- In six cases, court costs were not properly assessed, resulting in a loss of \$214 to the locality and \$603 to the state.

The Clerk should correct these specific cases noted above. Further, the Clerk should work with his staff to ensure they understand the billing and collection requirements and should bill and collect fines and costs in accordance with the Code of Virginia.

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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

November 3, 2015

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

Mary Katherine Greenlaw, Mayor  
City of Fredericksburg

Audit Period: July 1, 2013 through March 31, 2015  
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 findings reported in the prior year that are 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 Joseph J. Ellis, 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

This response to the Auditor's report is prepared with great appreciation to the APA for their attention to our office and processes. Their guidance to our management team and myself will help us establish the best Clerk's office in the state and serve our constituency at the highest level.

We have addressed the comments made by the APA as follows:

- I. We monitor liability accounts twice a month by having our dedicated bookkeeper "work" the BR08. She confirms any monies that we are holding but needs to be dispersed and we then disperse the funds. Also, we are notifying parties to cases are of funds held so they can create pay orders and .
- II. Voids. The state requires we keep both copies of all voids. We were not missing any copies of voids but in some instances only had one copy but not both. We now scan all financial paperwork, including both voids, so in the future both will be auditable.
- III. Establish Receivable Accounts. We now 'work" the CR32 report to make certain we created all accounts. We have done a concluded cases report for the audit period and established all missing accounts.
- IV. We have put in processes to ensure we do not miscode state and local fines and costs.