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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Board of Supervisors
County of Fairfax, Virginia

Auditor of Public Accounts
Commonwealth of Virginia

Compensation Board
Commonwealth of Virginia:

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Virginia Auditor of Public Accounts (the APA) and the County of Fairfax, Virginia (the County), solely to assist the County, the APA, and the Commonwealth of Virginia Compensation Board in evaluating the County's compliance with the requirements of Chapter 6, *Audit of Circuit Court Clerks*, specified in the *Specifications for Audits of Counties, Cities, and Town* (Specifications), Chapter 6, published by the APA for the year ended June 30, 2014. The County management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Requirement Number 1

Clerk of Courts are responsible for having sufficient controls and procedures in place to satisfy statutory requirements and prevent fraud, misuse, or loss of funds and assets. Scan the general ledger report for the audit end date for unusual account codes, activity or negative ending balances.

Procedure Number 1 and Related Results

We held discussions with the Clerk of Courts management, who represented that internal controls and processes were in place over receipts, disbursements, accounts receivable, and reconciliations. In addition we obtained and scanned the general ledger and noted that there were no unusual codes or activities and there were no accounts with negative balances. We further noted that the only accounts that had credit balances were restitution, liability accounts.

Requirement Number 2

The Clerk of Court should develop and maintain adequate control and security over the Court's automated information systems.



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Procedure Number 2 and Related Results

The Clerk uses automated systems consisting of multiple modules including case management, financial management, records management and case imaging. Management stated that the employee's access to information is granted on a need to know basis and access is controlled by passwords given to employees based on their job duties. We selected a sample of 1 to test access and noted no exception. We also verified that C-PAN, the Courts Public Access Network, requires a subscription to the portal and is monitored by the Court's Information Technology team and the subscription provides access to only non-confidential public information and no financial information is available for review. Management stated that information related to Infant Settlement Trust Funds was safeguarded from the public and financial and confidential information was not accessible via C-PAN. The process for granting remote access is handled by the State. The Court's role is to complete a request for remote access for a new employee and provide justification for requesting this access.

Requirement Number 3

Section 19.2-349 identifies proper methods for the collection of delinquent accounts. In order to determine if this is appropriate the Clerk must properly monitor accounts receivable to ensure proper corrective action is taken if needed.

Procedure Number 3 and Related Results

We noted that the Clerks' cash reporting system, Full Court Enterprise does not interface with the state reporting system, FMS; therefore there were no interface reports to test. We did however obtain the *Individual Account Status Report* (30 day delinquent report for fees, fines and restitution) prepared by management and selected a sample of 10 accounts to determine if the Clerk was properly monitoring the account stats and taking corrective action if needed. In addition we selected a sample of 10 accounts from the year to date statistical report prepared by management to determine the propriety of the default of the account by scanning the payments made to date and that the total amount on the delinquent report was not yet received by the Clerk and properly included in the delinquent report. We noted no exceptions as a result of the procedure. Lastly, the Clerks represented that they use the State of Virginia Department of taxation for collections of its delinquent accounts, therefore they did not have to follow the requirements of 19.2-349.

Requirement Number 4

Section 2.2-1815 of the *Code of Virginia* requires that all banks used by the Clerk are qualified depository institutions as noted by the Virginia Department of Treasury. In addition, all checking accounts should be properly reconciled.



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Procedure Number 4 and Related Results

We obtained the qualified depository listing maintained by the Virginia Department of Treasury and noted that all the banks used by the Clerk's office were included on the list. We noted no exceptions. We obtained the reconciliations for the 5 bank accounts as of June 30, 2014 and noted all accounts were properly reconciled as of June 30, 2014. We were unable to observe the cash count live as the testing period is from July 1, 2013 through June 30, 2014. Therefore we requested the June 30, 2014 cash count to reconcile to the June 30, 2014 balance in FMS however the Clerk was unable to provide this support. As a result we were unable to determine whether the cash count was performed or that cash was recorded correctly as of June 30, 2014.

Requirement Number 5

Section 17.1-271 of the *Code of Virginia* requires that all deposits are intact and timely.

Procedure Number 5 and Related Results

We selected a sample of 10 days in which reconciliations were performed to ensure that the reconciliation cover sheet was signed by the Clerk or assigned supervisory personnel and that the cash reconciliation worksheet agreed to the deposit per the bank statement. We noted no exceptions. We also noted that there was over 250 voided receipts during the year, therefore we selected a sample of 10 during the year totaling \$833. We obtained the support for each void and noted that all voids were properly supported and the adjustments were reconciled to ensure it agreed to the bank statement. Lastly, we obtained the General Ledger Fiscal Year-to-Date Report for FY 2014 and selected a sample of 2 transactions to determine the propriety of overages/shortages. We noted that all overages/shortages were documented. We noted no exceptions as a result of the procedure.

Requirement 6

Section 17.1-276 of the *Code of Virginia* requires that disbursements are properly coded to the correct accounts.

Procedure Number 6 and Related Results

We selected a sample of 5 disbursements from the Disbursement Register Report prepared by management as of June 30, 2014 and observed that they were coded to the proper account based on supporting documentation. We obtained a listing of disbursements made from accounts 415 Secure Remote Access and 416 Officer of the Court Access and selected a sample of 5 disbursements and verified that they transaction was appropriately coded and processed in accordance with Section 17.1-276 of the *Code of Virginia*. We noted no exceptions as a result of this procedure.



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Requirement 7

Section 19.2-360 of the *Code of Virginia* requires that manual receipts are properly safe guarded and reviewed.

Procedure Number 7 and Related Results

We inspected the Manual Receipts procedure manuals for civil and criminal transactions noting that unused manual receipts are held by the supervisor/manager in the respective department. We selected a sample of 5 manual receipts and ensured that the entry was recorded in FMS the next business day. We noted no exceptions as a result of this procedure.

Requirement 8

State taxes and fees, Clerk's fees and Specific Fund and local fees must be properly assessed and collected as required by the following *Code of Virginia* sections: 58.1-1727 through 1729; 17.1-275A.13 and 13a; 17-1.272; 17-1.278; 42.1-70 and local ordinances 17.1-281; 17.1-275B; 17.1-279; 17.1-132.

Procedure Number 8 and Related Results

We obtained the listing of all civil cases filed during fiscal year 2014 and selected a sample of 10 cases and verified that the fees were properly assessed and collected as required by the respective section of the *Code of Virginia*. We noted no exceptions as a result of this procedure.

Requirement 9

Unpaid portions of criminal cases concluded with a disposition of guilty must be appropriately entered into the Judgment Docket and properly calculated in accordance with Section 8.01-446 and 19.2-354 of the *Code of Virginia*. In addition, for local cases handled by the Court Appointed/Public Defender, the locality should be properly billed for the costs (Section 19.2-163 of the *Code of Virginia*), the defendant was properly assessed for attorney fees, and fines were properly assessed (Section 19.2-340 of the *Code of Virginia*).

Procedure Number 9 and Related Results

We obtained the listing of criminal cases and local cases filed during fiscal year 2014 and selected a sample of 10 criminal cases and 10 court appointed cases and verified that all costs and fees were properly calculated and filed in accordance with the relevant sections of the *Code of Virginia* by obtaining the case files, court orders, judgment docket and other supporting documentation. We noted no exceptions as a result of this procedure.



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Requirement 10

Fees and taxes for Deeds and Land Records should be properly calculated and recorded in accordance with sections 58.1-811; 58.1-801; 58.1-817; 58.1-814; 58.1-802; 17.1-275A (2); and 58.1-3314(3) of the *Code of Virginia*.

Procedure Number 10 and Related Results

We obtained the listing of deeds/land records recorded in fiscal year 2014 and selected a sample of 10 deeds/and land records and verified that the instrument was not taxable or tax exempt and all state, local and additional taxes were properly calculated and assessed and all fees were properly recorded. We noted no exceptions as a result of this procedure.

Requirement 11

Fees and taxes for Wills and Administrations should be properly calculated and recorded in accordance with sections 58.1-1712; 58.1-1718; 17.1-275A (2) and (3); 58.1-1715; 6.2-1003; 58.1-1717; 58.1-3314(3) of the *Code of Virginia*.

Procedure Number 11 and Related Results

We obtained a listing of wills/administrations recorded in fiscal year 2014 and selected a sample of 5 wills and administrations and verified that all state and local taxes and fees were properly assessed, receipted at the time of qualification and recorded. We also verified that a final inventory was not required per Section 58.1-1717 of the *Code of Virginia*. We noted not exceptions as a result of these procedures.

Requirement 12

Section 17.1-286 and 16.1-69.48 (A) and (B) and 15.2-1609.3 of the *Code of Virginia* requires that state and local revenues on hand are properly disbursed to the State and Local Treasurers.

Procedure Number 12 and Related Results

We obtained the balance of state and local revenues on hand as of June 30, 2014 and selected a sample of 5 liability transactions and noted that the balance for all state and local revenues was zero as of June 30, 2014. We then traced and agreed the balance of the trust fund for each account to the applicable bank statement. We obtained the Individual Status Report and noted that there were no accounts with credit balances or accounts under review as of June 30, 2014. We selected 3 monthly remittances of fees and verified that they were remitted within the first ten days of the month. We noted no exceptions as a result of these procedures. Lastly we obtained the June 30, 2014 Unclaimed Properly report prepared by management and selected a sample of 5 transactions to verify that the court was justified in holding the



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account based on a court order, established retention, pending case or other circumstances. We noted no exceptions.

Requirement 13

The Trust Fund Annual Report is filed with the Chief Judge by October 1st each year and is complete and accurate in accordance with section 17.1-125; 8.01-600(G); and 8.01-600(F) of the *Code of Virginia*.

Procedure Number 13 and Related Results

We obtained a copy of the annual report and noted it was filed by the Chief Judge by October 1st and that all balances agreed to FMS. In addition, we selected a sample of 2 receipts and 5 disbursements to verify that the transaction contained all pertinent information, agreed to the court order, had appropriate fees deducted, funds were properly invested or paid out timely and recorded to the correct account and account was being properly held. We then selected a sample of 10 interest transactions posted in FMS and obtained the journal voucher to ensure it was supported, interest was posted promptly to the correct account and that the Clerk was justified in holding the account. We noted no exceptions as a result of these procedures.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the County of Fairfax, VA Board of Supervisors; the Commonwealth of Virginia Compensation Board; the Commonwealth of Virginia Auditor of Public Accounts; and the County of Fairfax, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

May 6, 2015
Washington, D.C.