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Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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December 18, 2017

The Honorable Clarence E. Phillips
Chief Judge
County of Wise/City of Norton General District Court
P.O. Box 829
Wise, VA 24293

Audit Period: July 1, 2016 through June 30, 2017
Court System: County of Wise
Judicial District: Thirtieth

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:

Review General Ledger

Repeat: No

The Clerk does not review the court's general ledger to ensure account balances are appropriate. As of June 2017, the Clerk was holding \$189 in tax refunds that should have been allocated to defendants' accounts. Additionally, five accounts had negative balances that had not been researched and corrected.

The Clerk should correct the current errors and, going forward, should review the general ledger on a daily basis to ensure the propriety of all account balances.

Review Daily Financial Reports

Repeat: No

The Clerk does not review daily financial reports. Proper oversight of daily financial transactions, which includes reviewing financial reports, is an essential internal control. Without proper internal controls over daily collections, the risk of error and loss of funds increases. The Clerk should review daily financial reports as required by the court's financial system user's guide.

Reconcile Bank Account

Repeat: Yes

The Clerk did not reconcile the court's bank account during the audit period. 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 as required by the court's financial system user's guide.

Properly Bill and Collect Court Costs

Repeat: No

The Clerk and her staff did not properly bill and collect court costs. In seven of 28 cases tested, we noted the following errors.

- In six cases, defendants were overcharged \$2,045 in court costs.
- In one case, the Clerk did not properly bill the defendant, resulting in a loss of \$26 to the Commonwealth.

The Clerk and her staff should correct the specific cases noted above and should establish a 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: No

The Clerk did not submit claims to the Virginia Department of Taxation (Taxation) for tax set-off of refunds for delinquent court fines and costs totaling \$352, 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 Monitor and Disburse Liabilities

Repeat: Yes, Monitor Account Status Reports

The Clerk does not properly monitor and disburse court liabilities. Specifically, the Clerk did not disburse ten liability accounts totaling \$2,733 that should have been paid out during the audit period. The Clerk should disburse the amounts noted and should monitor and disburse liabilities on a monthly basis as recommended by the court's financial 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:alh

cc: The Honorable Shawn L. Hines, Judge
Jean C. Sparks, Clerk
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia