



**TERESA T. CARROLL
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF ORANGE**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2012 THROUGH SEPTEMBER 30, 2013**

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.

Improve Management of Trust Fund Accounts

The Clerk did not invest \$199,990 in trust funds within sixty days of the court order as required by Section 8.01-600(F) of the Code of Virginia. This resulted in loss of interest which would have been earned between February 2013 and November 2013. The Clerk is personally liable for the loss of interest and should deposit to the trust funds an amount equal to that loss. In addition, the Clerk did not receipt and deposit \$14,470 in trust funds timely. Trust fund receipts should be deposited no later than the next business day. In the future, the Clerk should ensure that all trust funds are deposited upon receipt and invested in accordance with the Code of Virginia.

The Clerk has not properly reconciled the trust fund accounts. On the court's general ledger, there is an unexplained balance in one of the savings accounts and an unexplained difference between the court's liability and asset accounts for trust funds. Further, the Clerk did not post interest to trust fund accounts on a regular basis during the audit period. The Clerk should periodically reconcile all trust fund accounts and appropriately resolve any discrepancies. The Clerk should also post interest to the trust fund accounts in a timely manner.

We recommend the Clerk establish proper procedures to improve the management of trust funds to ensure compliance with Section 8.01-600 of the Code of Virginia.

Improve Management over Criminal Receivables

The Clerk does not have adequate internal controls for managing receivables resulting from criminal cases. We tested 40 criminal case accounts receivable and noted the following errors.

- In one case, restitution of \$2,631 was assessed against the defendant despite not being included in the court order.
- In seven cases, the Clerk did not bill defendants for a total of \$200 in fines and \$531 in costs.
- In one local case, the Clerk miscoded the \$150 fine.
- In three cases, the Clerk over-charged defendants for costs totaling \$193.
- For one case, the Clerk did not record the criminal judgment in a timely manner in the indexing and imaging system.
- For one account, the Clerk did not properly calculate and enter the due date for fines and costs in the court's automated information system.

We recommend the Clerk establish proper procedures to improve the management of criminal accounts receivable. Additionally, the Clerk should correct the specific cases noted above and should establish procedures to review her staff's work in order to minimize these types of errors.

Reconcile Bank Account

The Clerk did not reconcile the court's bank account for several months during the audit period. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and can increase the risk of loss of funds. Timely and complete reconciliations are an essential internal control. We recommend the Clerk reconcile the bank account immediately upon receipt of the bank statement and resolve any discrepancies without delay.

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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

February 11, 2014

The Honorable Teresa T. Carroll
Clerk of the Circuit Court
County of Orange

Teel Goodwin, Board Chairman
County of Orange

Audit Period: April 1, 2012 through September 30, 2013
Court System: County of Orange

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.

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 Daniel R. Bouton, Chief Judge
Julie G. Jordan, 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

DANIEL R BOUTON
RESIDENT JUDGE
TERESA T CARROLL
CIRCUIT COURT CLERK
TELEPHONES:
JUDGE: (540)672-2433
CLERK: (540)672-4030
LAND RECORDS (540)672-4030
COURT SERVICES (540)672-4030
RECORD ROOM: (540)672-0511
FAX: (540)672-2939

ORANGE COUNTY, VIRGINIA



DONNA L SEARS, CHIEF DEPUTY
CRIMINAL/COURT SERVICES
KENDELL L KNISELY, DEPUTY CLERK
COURT SERVICES-CIVIL/BOOKKEEPER
DIXIE L CROUSE, DEPUTY CLERK
COURT SERVICES-CIVIL/PROBATE
MELISSA G MORRIS, DEPUTY CLERK
RECORDS MGMT/COURT SERVICES
SUSAN D CROSBY, DEPUTY CLERK
LAND RECORDS/RECORDING
LORI R MORRIS, DEPUTY CLERK
JURY MANAGEMENT

CIRCUIT COURT

110 NORTH MADISON ROAD, SUITE 300
P.O. BOX 230, ORANGE, VA 22960

February 4, 2014

Auditor of Public Accounts
Commonwealth of Virginia
Richmond, VA

To Whom It May Concern:

The Clerk has reviewed the comments presented by the Auditor of Public Accounts. In responding to the \$199,990 trust fund that was not invested in a timely manner, the Clerk reviewed the report, thinking that the money was already invested and realized that the money was receipted, but not invested. I pulled the file, in looking at the order the deputy did not give me a certified copy of the Court's order to invest the money. The Clerk **immediately** invested the money and also paid the interest between February to November. I reminded the deputy how important it is to make sure that the Clerk receives a copy of ANY court order dealing with money. I will assure you that this **will not** happen again.

As for the \$14,470 this involved a case where the Court had removed the mother as Guardian from her sons account. This amount represents the amount that the mother owed to the sons account. The attorney that represented the mother in this case indicated to the Clerk that he was going to file a petition and order to be reimbursed for his fees. I felt if I receipted the money under the 511 account code; then invested the money the bank would have penalized the Clerk for an early withdrawal. The attorney notified me 2 weeks later that the mother had paid him and that he would not be filing the petition. I then, **immediately** receipted the money and invested it. If this happens again, the Clerk will notify the Judge and prepare an order.

In regard to my trust fund accounts, I have had problems receiving my statements in a timely manner. The Clerk met with the bank's president concerning this situation. The Clerk will update all interest statements on a quarterly basis. The Clerk will be in compliance with Section 8.01-600 of the Code of Virginia.

The Clerk was also notified of the errors that were made in some of the criminal cases. I will point out that the auditor mentioned "In seven cases, the Clerk did not bill defendants for a total of \$200 in fines and costs". This should be in one case not seven cases. The Clerk has corrected all errors. The deputy clerk in charge of the criminal department at the time most errors were made has since retired. My new criminal deputy has held this position for a short time with minimal training but will be attending further educational classes through the Supreme Court.

In regard to my bank account reconciliation, the Clerk and the bookkeeper tried reconciling the books and found an error that detected from a miscellaneous receipt and needed assistance from the Supreme Court to help locate the error. Once this was done, we were able to reconcile the bank statement. The Clerk and bookkeeper will reconcile the bank statement every month in a timely manner.

As Clerk of this Court, I have always tried to be conscientious. My staff works very hard to make sure the work gets done in a timely manner. I appreciate the courteous and professional manner of the audit by Linda Gray and Bonnie Patterson.



Teresa T. Carroll, Clerk
Orange County Circuit Court