

**LINDA BOOTH  
CLERK OF THE CIRCUIT COURT  
FOR THE  
COUNTY OF NORTHUMBERLAND**

**REPORT ON AUDIT  
FOR THE PERIOD  
JULY 1, 2008 THROUGH DECEMBER 31, 2009**



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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

May 5, 2010

The Honorable Linda Booth  
Clerk of the Circuit Court  
County of Northumberland

Board of Supervisors  
County of Northumberland

Audit Period: July 1, 2008 through December 31, 2009  
Court System: County of Northumberland

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.

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: clj

cc: The Honorable J. Martin Bass, Chief Judge  
Kenneth D. Eades, 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 and noncompliance with laws and regulations.

### Background

The Clerk assumed office on January 1, 2008, and this audit is the second full review since that date. The first audit covered the Clerk's performance during the first six months in office. Following the first audit we had the following three findings:

- Properly Manage and Record Invested Trust Funds
- Participate in the Tax Set-Off Program
- Remit Collections to the State Treasurer Timely

In addition to the findings in the report, we also discussed a number of areas of concern that if the Clerk did not begin to address the issues, that the error rates would require that we would need to address these matters in future audits. We also suggested that the Clerk contact the Supreme Court to have their staff assist the Clerk in developing procedures to properly process information and accurately maintain the court's records. The Clerk subsequently contacted the Supreme Court and they sent someone to do some onsite training and work with the Clerk and her staff in understanding the system.

This audit covers the period July 1, 2008 through December 31, 2009. Not only has the Clerk not corrected one of the reported findings from the last audit, but most of the areas of concern from the last audit have continued to decline and we are reporting those items below.

The Clerk is personally liable for not properly processing and accounting for funds she receives in her official capacity. In our last audit, the Clerk had to pay \$1,862 for lost interest on Trust Accounts that were not deposited timely, although that has not occurred during this audit period.

If the Clerk does not address the matters below, there exists the potential that in the future the Clerk may need to make up for any losses. Therefore, we believe the Clerk should work with her staff, the judge, and staff of the Supreme Court to properly implement procedures to address the following matters:

- The Clerk does not properly maintain or track invested infant accounts entrusted to her. Section 8.01-600 of the Code of Virginia provides specific requirements for managing these funds including the processing establishing, monitoring, reconciling, updating, and reporting of these accounts' activities and balances

The auditor could not recalculate and verify the posting of interest to any of the individual accounts. The number of errors in posting transactions prevented us from determining if the reconciliation showing each account, the bank statements, and the automated financial system were correct and reported the correct balance.

Currently a negative savings account balance shows on the ledger but the individual accounts show positive balances. This condition is either the result of numerous errors or the Clerk disbursing from the wrong accounts;

- The Clerk does not provide a proper audit trail when documenting daily collection and deposit activity so there is no means to determine if the Clerk recorded all the collections for a day, deposited all of the money intact and timely and recorded all activity on the automated accounting system;
- The Clerk failed to maintain all copies of voided receipts. Of 13 voided transactions tested, eight receipts were missing. Voided transactions pose an increased risk for fraudulent activity and as such, must be monitored and controlled closely and the Clerk is required to maintain all copies when voiding receipts. If all copies of the receipt are not available, then a correction to the receipt should be made by journal voucher rather than voiding the entire transaction;
- The Clerk does not process all collections as received and leaves the funds unsecured in an area open to the public. Both the receipting and recording of land records and judgments are time critical and the Clerk must ensure she and the staff record all documents in the order they receive them. Pending recording, the Clerk places the documents with the attached checks in a public area for title searchers or other member of the public to look through as needed;
- The Clerk does not use all available error reports from the automated system to check the work of her and the staff to correct errors and omissions. As an example, there is a monthly report that shows if the Clerk properly recorded fines and costs for all defendants, which has not been utilized or reviewed timely;
- The Clerk has neither completed annual Unclaimed Property and Unclaimed Restitution reports since assuming office nor escheated the funds to the State Treasury. The auditor could not locate the system reports detailing “Property Unclaimed over One Year” and therefore could not determine an exact amount of items that qualify for escheatment. Failure to report unclaimed property may subject the Clerk to an interest penalty per Section 55-210.26:1 of the Code of Virginia;
- The Clerk improperly charges all civil plaintiffs a \$2 Courthouse Maintenance fee without the proper authorization of a local statute;
- The Clerk did not properly record the change fund on the automated system; and
- The Clerk had not corrected many of the posting mistakes we noted in the last audit and does not appear to have sufficient understanding of the system to correct those items and the new errors noted during the audit.

The issues above could result in a breakdown of controls, which could result in loss of funds to the Commonwealth and private citizens, and liability to the Clerk. The Clerk should work with the judges and the Supreme Court to implement procedures to not only address the specific issues above, but the overall knowledge of the Clerk and her staff in processing transactions and using the automated financial system.

CLERK'S OFFICE OF THE  
CIRCUIT COURT OF NORTHUMBERLAND COUNTY, VA.  
FIFTEENTH JUDICIAL CIRCUIT  
P. O. BOX 217  
HEATHSVILLE, VIRGINIA 22473

TERMS OF COURT

Fourth Tuesday in January, April, July, October

LINDA L. BOOTH, CLERK

April 26, 2010

Mr. Walter J. Kucharski  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218


Dear Mr. Kucharski:

Enclosed is my response to the "Comments to Management" prepared by Katherine St. Lawrence, Senior Specialist, which covers the audit period of July 1, 2008 through December 31, 2009.

I will be contacting Paul DeLosh from the Department of Judicial Services to set up a date for the Circuit Court Team to come to the office.

If you need anything further please let me know.

Very truly yours,

  
Linda L. Booth, Clerk

cc: The Honorable J. Martin Bass, Chief Judge  
Kenneth D. Eades, County Administrator  
Robyn M. de Socio, Executive Secretary  
Compensation Board  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia

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Item # 1

Each account under Code Section 8.01-600 is established with EVB . Interest is posted and appears under "transaction history" as journal vouchers on earned interest when statements received from EVB.

Each disbursement I have made on an infant account, has been by prior Order of the Court when that person turns Eighteen years of age and is eligible for the entire amount of funds being held. EVB has issued a Cashiers check from the individual account.

The accounts showing a positive balance is an error in not properly entering the journal vouchers to show the individual funds no longer in the FMS System.

In reference to the background section of this audit report; that a Trust Fund Annual Report, which is due by October 1<sup>st</sup> of each year not being prepared and submitted to J. Martin Bass the Chief Judge of the 15<sup>th</sup> Judicial Circuit please note attached Exhibit A showing receipt (date stamped) by his Office.

Item # 2

At the closeout of each day all receipts for that day are kept together. The following a.m. the amount of the prior daily receipts in account 920 is matched with the total deposit appearing on the printout before the daily deposit is made, by JV in the system or physically at the bank. I have been informed that I am not keeping the activity in proper form on the daily ledger sheet. I will correct this.

Item # 3

It was noted at the last Audit I was not remitting State collections timely I have tried to correct this by depositing State funds 2 times each week or when the amount collected exceeded \$5,000.00 .



Item # 4

It is noted on this Report that we are not participating in the Tax Set-Off Program . Beginning in the fall of 2008 a staff member was trained and December 1, 2008 was authorized in IRMS ; please see documentation attached marked Exhibit B.

Item # 5

I am aware of the importance of keeping all copies of voided receipts together at the end of the day's closeout. I will be more diligent in seeing that this is corrected.

Item # 6

In reference to processing "all documents as received" customers recording documents in person are receipted before those we receive by mail each day. Previously the documents received by mail( if not receipted as soon as opened) are placed in a tray in the order received for title searches and attorneys recording documents to note those names which may effect their title. We are now placing only a COPY of the first page of said instrument for the researchers needed information; keeping the instrument and recording check in a secure place behind the counter.

Item # 7

An Unclaimed Property Report and Unclaimed Restitution Report will be filed with VA State Treasurer by the deadline of November 1, 2010.

Item # 8

There is no local Ordinance allowing the Office to charge \$2.00 Courthouse Maintenance fee when filing civil cases; we ceased charging this fee as soon as it was brought to my attention this Audit.