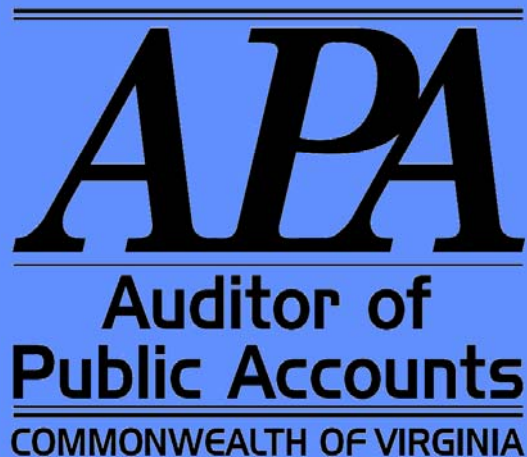


**DEBORAH E. HUGHES
CLERK OF THE CIRCUIT COURT
OF THE
COUNTY OF CAMPBELL**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2009 THROUGH MARCH 31, 2010**



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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

June 4, 2010

The Honorable Deborah E. Hughes
Clerk of the Circuit Court
County of Campbell

Board of Supervisors
County of Campbell

Audit Period: April 1, 2009 through March 31, 2010
Court System: County of Campbell

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:alh

cc: The Honorable Mosby Garland Perrow, III, Chief Judge
R. David Laurrell, 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 have led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Promptly Forfeit Cash Bond

The Clerk did not forfeit a cash bond totaling \$5,500 as required by Section 19.2-143 of the Code of Virginia. The Judge ordered the forfeiture of the bond in September 2009. Subsequent to the audit in May of 2010, the Clerk forfeited the bond to the Commonwealth. We recommend the Clerk promptly forfeit bonds as required by the Code of Virginia.

Properly Bill Court Costs and Fines

The Clerk and her staff are not properly billing and collecting fines, DUI, jail admission, court-appointed attorney and "Tried in Absence" fees as required by Sections 19.2-340, 19.2-163, 17.1-275.11, 15.2-1613.1, and 16.1-69.48:1 of the Code of Virginia. The auditor tested 28 cases and noted the following errors in six of these cases.

- In four cases, the Clerk's staff did not bill the defendants for the following:
 - State fine totaling \$500
 - "Tried in Absence" fee totaling \$40
 - Jail admission fee totaling \$25
- In two cases, the Clerk's staff overcharged the defendants for the following:
 - DUI fee totaling \$200
 - Court appointed attorney fee totaling \$45

We recommend the Clerk research all similar cases and make the appropriate corrections. Further, we recommend the Clerk and her staff bill and collect court costs and fines in accordance with the Code of Virginia.

Improve Accounts Receivable Management

The Clerk needs to improve procedures for establishing, monitoring and collecting court costs and fines as required by the Financial Management System User's Guide and Section 8.01-446 of the Code of Virginia. The auditor noted the following errors.

- In nine of 20 criminal cases tested, the Clerk's staff did not establish an accounts receivable in the Court's automated accounting system.
- The Clerk did not record five of 14 criminal judgments in the court's automated indexing and imaging system. Additionally, in two of the 14 judgments tested, the Clerk did not record the court-appointed attorney fees totaling \$620 in the automated indexing and imaging system.
- The Clerk does not review the Cases Concluded Without Financial Management System Receivables Report monthly as required by the Financial Management System User's Guide. Instead, the Clerk's staff requests and reviews the reports semi-annually.

Proper management of the accounts receivable greatly enhances the collection of fines and court costs. The Clerk should properly establish accounts receivable in the automated system, record judgments, and promptly review the accounts receivable reports.

Request Tax Set-Off Refunds

The Clerk did not request that the Virginia Department of Taxation (TAX) hold set-off refunds totaling \$565 for an individual who owed delinquent court costs and fines as required by Section 58.1-524 (A) of the Code of Virginia. A Court must request that TAX hold tax refunds through its automated accounting system called the Integrated Revenue Management System. We recommend the Clerk properly request that TAX hold refunds to maximize collections.

Campbell County Circuit Court

Clerk's Office

P. O. Box 7

Rustburg, Virginia 24588

ALTAVISTA	434-592-9517
BROOKNEAL	434-283-9517
RUSTBURG	434-332-9517
LYNCHBURG	434-592-9517

June 17, 2010

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

RE: Clerk's Response and Corrective Action Plan
Audit Period: April 1, 2009 – March 31, 2010

Dear Mr. Kucharski:

The purpose of this letter is to formally address the items cited in your Audit Report for the audit period referenced above for this Court. This office diligently seeks to perform all duties mandated by the Code of Virginia in accordance with recommended procedures while also providing the best possible service to the citizens of Campbell County.

Before I respond to the specific items, please note the following comments:

During the course of the past two (2) years the Clerk's Office has been severely stressed by the following two (2) factors:

First, courthouse renovations have been ongoing since mid 2008. During much of this time staff was located in a confined and dimly lit work area and portions of the office were relocated at least five (5) times before we finally settled into permanent quarters. In addition to the usual challenges remodeling normally presents, the roof leaked whenever it rained and on numerous occasions work ceased in order to move case files out of water or to be relocated to another area to be dried out with industrial fans. The many disruptions and distractions interrupted workflow, tasks were overlooked because files were accidentally removed from their correct processing sequence and time management was severely compromised. Working conditions were an unavoidable component of the reconstruction process and while we adapted as best we could the effects were significant.

Additionally, we lost an employee in May 2009. Due to budget reductions and a hiring freeze this position remains vacant. Even prior to losing an employee, State Compensation Board standards reflect that this office is understaffed by 1.04 positions.



Promptly Forfeit Cash Bond

Staff was remiss in forwarding the case file to the proper personnel who could forfeit the bond. This was simply an oversight. Upon being notified by the auditor, the bond was immediately transmitted to the Commonwealth.

Properly Bill Court Costs and Fines and Improve Accounts Receivable Management

All noted items were reviewed with staff and adjustments were made to cases that remained unpaid; receivable accounts were established and judgments recorded. Cases concluded with Financial Management System Receivables Report was not reviewed monthly because the report flags a case only if it has been updated in FMS. It is our practice to update FMS at the time we prepare the court order. There is a backlog in this area and staff did not properly utilize the report. Staff will make a concerted effort to work on the backlog and have been instructed to regularly review the report on a monthly basis to ensure that all receivable accounts have been established.


Request Tax Set Off Refunds

The receivables clerk and a backup clerk are responsible for requesting TAX refunds. The enormous workload and additional stresses previously discussed were the prevailing factors in this as well as the other oversights previously addressed.

This is the first time during my tenure as clerk that findings have been noted in any of my audit reports. I am therefore confident that the aforesaid factors led to the breakdown in the quality of work that is normally produced by this office.

My staff and I are conscientious and strive to produce the highest quality of work possible. However, it is our concern that until clerks are sufficiently funded and can provided adequate staffing to carry out their numerous duties we are likely to see an even greater impact in this regard in this office as well as other clerk's offices throughout the Commonwealth.

Respectfully submitted,


Deborah E. Hughes, Clerk