



Commonwealth of Virginia

Auditor of Public Accounts

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Walter J. Kucharski, Auditor

August 12, 2005

The Honorable Robert B. Phillips
Chief Judge
County of Accomack Juvenile and
Domestic Relations District Court
P.O. Box 276
Accomac, VA 23301

At the request of the Chief Judge and the Executive Secretary of the Supreme Court, we have audited the cash receipts and disbursements of the County of Accomack Juvenile and Domestic Relations District Court for the period October 1, 2004 to July 31, 2005. The Clerk during the audit period has been placed on administrative leave, and the Clerk of the Accomack General District Court has been appointed as Acting Clerk for the JDR Court.

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. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Improve Court Management

The Clerk failed to perform the specific duties of her office with regards to proper bookkeeping and internal controls, efficient organization, timely completion of tasks and properly training staff. Many of the issues noted in this report have been reported in previous audit reports. These breakdowns indicate a lack of skilled management, which has led to the significant problems noted in our audit. Specifically we noted the following.

- The Clerk did not reconcile the checking account for six of the ten months of the audit period until Supreme Court staff resolved differences between the bank statement, checkbook, and financial

system. A lack of consistent daily bookkeeping procedures contributed to this breakdown. For example, the Clerk failed to record deposits on 74 of the 142 business days during the audit. Also, the Clerk did not consistently review daily financial reports, which highlight recording errors. We noted three negative account balances on the General Ledger as well as credit balances and payables that the Clerk could have easily resolved during normal daily financial duties.

- The Clerk did not consistently receipt and deposit funds in the bank timely as required by Section 17.1-271 of the Code of Virginia. Although we did not note any missing funds, collections remained in the office for extended periods before deposit in the bank thereby increasing the risk of loss or misappropriation. We noted unrecorded money orders, cash, and checks; and determined that the Clerk made bank deposits on only 79 of the 142 business days during the audit.
- The Clerk did not maintain documentation sufficient to provide support for daily transactions. Document retention in an organized fashion is essential to the smooth operation of any office and is considered standard requirements for the efficient operation of all clerk's offices. We were unable to locate files for vendor services, unclaimed property, tax set off, and state and local transmittals. In addition we noted inconsistent use of manual receipts, voided transactions without proper documentation, disbursements made without support and unsubstantiated modifications to individual accounts.
- The Clerk did not perform required duties in a timely fashion. We found boxes of case files and stacks of paperwork associated with cases dating back to December 2004. The boxes contained many adjudicated cases with unsigned final orders. We found clerk's case notes in stacks, boxes and desk drawers with no indication that the Clerk had incorporated them into their respective case files or that any needed action had taken place. Further, we found vendor bills that the Clerk failed to pay as far back as August 2003 and bills from throughout 2004 that remained unpaid until April 2005, despite the fact that the Clerk held the defendant's monies in escrow.
- The Clerk did not properly assess costs in adjudicated cases and because she did not fully understand proper procedures for assessing costs, she could not properly train her staff. We noted assessed errors such as fees discontinued in July 2004 still being assessed, improper assessment of court appointed attorney fees in four of twenty cases tested; and costs assessed on juvenile petitions without authority. Finally, in two of the three cases appealed to the circuit court, the Clerk did not properly assess fees resulting in one defendant overpaying \$448 and one defendant not assessed lower court costs.

The Clerk is responsible for all of the activities of her office and must ensure full accountability for her actions and those of her staff. Timely case processing, daily financial management, staff development and supervisory review are essential for court operations. If the Clerk returns to her duties in the court, she must immediately address and correct these issues. She should request extensive supervision, training and assistance for herself and staff from the Executive Secretary of the Supreme Court.

We discussed these comments with the Chief Judge and the Acting Clerk on August 12, 2005 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:slb

cc: Anne P. Nicholson, Interim Clerk
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Supreme Court of Virginia
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