



**BOUSON E. PETERSON, JR.
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF FLUVANNA**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2011 THROUGH MARCH 31, 2013**

COMMENTS TO MANAGEMENT

We noted the following matter involving internal control and its operation that has led or could lead to noncompliance with laws and regulations.

Monitor and Disburse Liability Accounts

The Clerk did not escheat unclaimed property totaling \$21,457. Additionally, the Clerk is currently holding amounts in two liability accounts, totaling \$16,579, that are related to concluded cases. These amounts should have been paid out in accordance with final court orders.

The Clerk should remit unclaimed property to the State Treasurer as required by the Code of Virginia. Further, the Clerk should monitor and disburse liabilities on a monthly basis as recommended by the Financial Management System's User's Guide.

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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

July 29, 2013

The Honorable Bouson E. Peterson, Jr.
Clerk of the Circuit Court
County of Fluvanna

Shaun V. Kenney, Board Chairman
County of Fluvanna

Audit Period: April 1, 2011 through March 31, 2013
Court System: County of Fluvanna

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 a matter involving internal control and its operation necessary to bring to management's attention. The matter is discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate this matter provided by the Clerk are included as an enclosure to this report.

We discussed this comment 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
Steven Nichols, 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

CLERK'S OFFICE
FLUVANNA COUNTY CIRCUIT COURT

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Bouson E. Peterson, Jr., Clerk

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Nancy G. Pace, Deputy Clerk
Cathy A. Allen, Deputy Clerk
Deborah G. Wood, Deputy Clerk
Kimberlie M. Rouillard, Deputy Clerk
Trista L. Larson, Deputy Clerk*

August 19, 2013

Auditor of Public Accounts
Attention: Laurie Hicks, Audit Director
P. O. Box 1295
Richmond, VA 23218

RE: Corrective Action Plan to the Final Draft of the Audit Report

Dear Auditor of Public Accounts:

As to Unclaimed Property:

Because monies paid into the Court in Accounts 511, 517 and 521 are all put into interest bearing accounts and have monthly activity, these accounts do NOT appear on the annual BR16, Unclaimed Property Report.

Individual accounts in Account Code 511 have a due date entered, the date the minor turns 18 years of age. Individual accounts in Account Codes 517 and 521 have not historically had a due date entered. Going forward, when the Final Order is entered for an individual account and money has been received for Account Codes 517 or 521, a due date one (1) year from the date of the Final Order will be entered. The BR08 will be compared to the BR16 annually, at a minimum, to ensure that the amounts are escheated to the Division of Unclaimed Property or paid out in a timely manner.

As to Liability Accounts:

These accounts are monitored on monthly basis via the BU03 and the BR08. Going forward, any time there are individual accounts listed in Account Codes 501, 502 or 503, a copy of the BR08 will be reviewed by the Clerk or a Deputy Clerk along the Bookkeeper to determine if the funds are ready to be disbursed.

With regards to the two (2) liability accounts mentioned in the "Comments to Management" totaling \$16,579.00:

The money in one of the liability accounts came in after the Final Order was entered and in actuality should have been directly to the Guardian ad Litem, NOT to this Court. In that case, the Final Order should have been reviewed before receipting the money.

The money in the other liability account was from a Delinquent Real Estate Tax case and had to be held for two (2) years and therefore could not be paid out upon entry of the Final Court Order. Pursuant to the provisions of Section 58.1-3967 of the Code of Virginia, if the unclaimed surplus from the Delinquent Real Estate Tax Sale is not claimed "within two years after the date of confirmation of such sale", then the surplus shall be paid out to the Treasurer of Fluvanna County. Therefore, the assertion in the "Comments to Management" that these "amounts should have been paid out upon receipt of the final court orders" is patently wrong and false!

A due diligence letter was sent on August 13, 2012 after an internet search for the former owners was conducted. Copies of the due diligence letter and the addresses from our internet search are attached.

Furthermore, on this date of August 19, 2013, the surplus from the Delinquent Real Estate Tax was paid out to the Treasurer of Fluvanna County, Virginia in the form of our Clerk's Office check in the amount of \$15,951.01, a copy of which is hereby attached, along with a copy of the Court Order dated August 8, 2013 which ordered the payout.

On this date of August 19, 2013, my Clerk's Office is remitting our Clerk's Office check in the amount of \$21,452.62 to the Department of the Treasury, Division of Unclaimed Property, so I submit that this matter is now resolved. A copy of the "Report of Unclaimed Property" is hereby attached.

Furthermore, on this date of August 19, 2013, my Clerk's Office is remitting our Clerk's Office check in the amount of \$443.42 to the Criminal Injuries Compensation Fund for three (3) unclaimed sets of restitution. A copy of the "Report for Unclaimed Restitution" is attached.

Again, I respectfully submit that the "final draft of the audit report" is absolutely unfair and very unreasonable. During the twenty-four (24) years that I have been privileged to serve as the Clerk of this Circuit Court, I have never had an Audit Finding against me. And, so far as I can remember I have not received even a warning, either formal or informal, that such monies had to be escheated. The recent Auditor, who had never audited this Clerk's Office before, evidently has a different philosophy than all of our past Auditors. Or, perhaps because of some recent highly publicized public embezzlements in this State, there may be a new emphasis on escheating in the Office of the Auditor of Public Accounts.

In closing, I reiterate that I am of the considered opinion that the appropriate resolution in these matters should be no more than a warning rather than an Audit Finding. Not even one cent was misappropriated or lost due to any action or inaction by this Clerk's Office and the proposed punishment is extremely unwarranted, unfair and unreasonable.

Thank you for you consideration of these matters.

Sincerely,

Bouson E. Peterson, Jr., CLERK
Bouson E. Peterson, Jr., Clerk

Enclosures as aforesaid