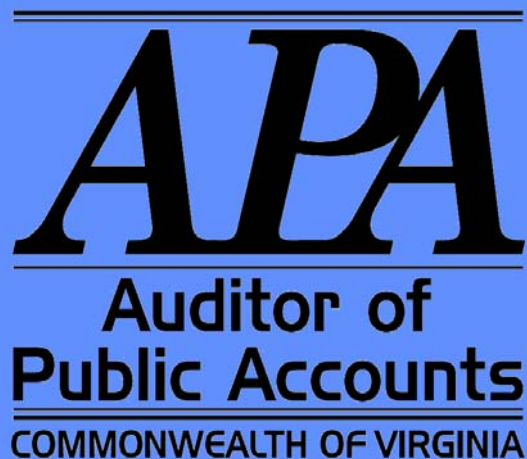


**DEBRA M. SHIPP
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF ALBEMARLE**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**



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.

Receipt and Deposit Funds Timely

The Clerk had more than 200 checks in the probate department totaling \$78,792 and dating back to December 2011 when we started the audit, and we found additional delays in receipting funds in the civil, and deed departments. Further, the Clerk stores checks and cash in unsecured files.

Specifically, we found the following.

- Civil case receipts not deposited for up to two weeks.
- Deed receipts not deposited for up to three months.
- Checks and cash left on desks or in baskets waiting for receipting and processing.

Failure to immediately process, or secure, all funds received is an increased fraud risk and an internal control weakness. The Clerk must take immediate steps to secure and process these funds and promptly receipt and deposit all funds in the future. Further, the Clerk should comply with Section 2.2-806(B) of the Code of Virginia.

Monitor and Disburse Liabilities

As of the audit period end, the Clerk held over \$500,000 that may be eligibility for escheatment in accordance with Section 55-210.12E of the Code of Virginia as unclaimed property. The Clerk should monitor liability accounts and promptly disburse funds when a case concludes or if eligible, remit to the Division of Unclaimed Property.

Properly Account for Copy Fees

As noted in the prior audit, the Clerk does not appropriately remit copy fees to the locality and Commonwealth. The Clerk receipts copy fees into a local account from which the Clerk should send the locality their share of the copy fees to reimburse their cost. The remaining fees, the Clerk should deposit with the Commonwealth.

The balance in the Copy Fee account for the first seven months of the audit period was \$29,252.11 which the Clerk remitted in September, 2011. As of the end of the audit engagement the balance in this account is \$9,849.78. The Clerk should perform this allocation each month.

Address Reconciling Items Promptly

The Clerk performs monthly bank reconciliations and properly identifies reconciling items; however, she does not take prompt action to correct the reconciling items. The reconciliation has a \$30,862 balance of Returned Checks which are over six months old, but the Clerk will not remove until the check maker pays the amount due. Additionally, the reconciliation includes two bank deposit errors over six months old. The Clerk identified the cause of the errors but should make the appropriate entry to correct the errors or collect the amounts due.

Improve Recordkeeping

In a sample of 58 cases, there were 24 cases with errors.

- In ten cases the Clerk billed \$8,317 to defendants for public defender fees without a timesheet.
- In nine cases the Clerk billed \$4,561 to defendants for court appointed attorney fees and \$52.50 for expenses without a list of allowances; one defendant was not billed \$308 for typing.
- In one case the Clerk did not bill the defendant \$27.60 for expenses billed by the court appointed attorney.
- In one case the Clerk overcharged the defendant \$50 for Trauma Fund fee not ordered by the Judge.
- In one case the Clerk billed the defendant for \$51 for fixed fees not certified by the District Court; and the Clerk did not record the satisfaction of the Judgment Lien when defendant paid the case in full.
- In two cases, the Clerk did not record the liens totaling \$1,817 in the Judgment Lien Docket.

We recommend the Clerk correct the cases above and research all similar cases to make the appropriate corrections to case paperwork.

Request Tax Set Off Refunds

The Clerk did not request tax set off collections for four individuals that owed delinquent court costs and fines as required by Section 58.1-524 (A) of the Code of Virginia. This resulted in a loss of \$600 of funds. A court must request the tax refunds through the Department of Taxation's automated accounting system called the Integrated Revenue Management System.

The Clerk should be monitoring all hits received from the Department of Taxation when received by certifying and finalizing the hits.

Invest Trust Funds Timely

The Clerk failed to invest monies entrusted to her within 60 days as required by section 8.01-600 of the Code of Virginia. Failure to invest funds subjects the Clerk to personal liability for the lost interest. Unless otherwise ordered by the Court, the Clerk must contact the bank, determine the interest for 36 days and make a deposit to the account from her personal funds.

Cases Concluded Without FMS Receivables Report (CR32)

The Clerk is not appropriately reviewing the Cases Concluded Without FMS Receivables Report; and, as a result, did not identify and establish an FMS Accounts Receivable for 58 cases. The report helps Clerk's identify accounts the court may have forgotten to set up when they concluded with a judgment amount due the court. The Clerk should review the report monthly to ensure all receivables of the court are established.



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 5, 2012

The Honorable Debra M. Shipp
Clerk of the Circuit Court
County of Albemarle

Ann H. Mallek, Chairman
County of Albemarle

Audit Period: January 1, 2011 through December 31, 2011
Court System: County of Albemarle

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.

AUDITOR OF PUBLIC ACCOUNTS

WJK: clj

cc: The Honorable Daniel R. Bouton, Chief Judge
Thomas Foley, County Executive
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



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Roxanne Bruce
Dayna T. Awkard
Pam C. Melampy

TO: Walter J. Kucharski, Auditor
Randall Johnson, Senior Specialist

FROM: Debra M. Shipp, Clerk
Albemarle County Circuit Court

DATE: August 20, 2012

In response to the audit conducted for the period of January 1, 2011 through December 31, 2011, I offer the following explanations and course of action:

Receipt and Deposit Funds Timely

- Civil cases will be deposited upon receipt
- Deed receipts are deposited upon receipt. Occasionally upon receipt, a document will have to be returned to sender for corrections. In the four cases that were noted these documents did not sit in this office for up to 3 months. The date on the instrument and the cover sheet do not always match.
- Checks that were left out were because of the loss of the probate clerk, my sister in the middle of January 2011. I have attempted to have county allow me to hire additional clerks so that I can cross train staff to fill the gaps when someone is out on vacation or sick (or in my case death) Our office has grown, but the staff remains at the same number. All probate receipts are up to date.

The civil department has been made aware to receipt all money daily or checks will need to be secure to be receipted the following day.

Monitor and Disburse Liabilities

I plan to call attorneys and get orders to disburse bond money to recipients.

I am in the process of identifying unclaimed property; work with Judge for the strike rule for outdated items. I will update the trust accounts due on to the date to be paid to keep on top of the upcoming accounts to be paid out.

Properly Account for Copy Fees

I plan to make this part of the month end closing report.

Address Reconciling Items Properly

I will allow a 10 day period for any returned check to redeposit. I plan to set up control file to keep track of any returned checks.

Improve Recordkeeping

I will ask the Judge to enter a blanket order to cover the fee for public defenders representing a case without filing a timesheet, (this will cover the DC 52 & DC 40).

The trauma fund is at the discretion of the Judge. I will consult with her and have the criminal clerk either state in each order or have Judge enter blanket order for the fee for Trauma Fund.

I have the former deputy clerk working part time to enter all judgments. I will make sure all judgments (even if they are satisfied on same date) are entered.

Request Tax Set Off Refunds

At present I am the only one certified to work with IRMS. The former probate clerk was in the process of being certified. I have a part time person that has completed the training. I will attempt to monitor emails for refunds and take appropriate actions.

Invest Trust Funds Timely

I have contacted the bank to determine the amount of interest that was lost due to my failure to invest timely and make a deposit to that account. I have contacted the county for additional help with a bookkeeper for this office. At current I am attempting to be bookkeeper and wear many other hats at the same time.

Cases Concluded Without FMS Receivables Report (CR32)

I am in the process of reviewing the cases in the report. Many defendants have numerous charges and the costs are entered under one number for all charges. In the perfect world, I would assign the duties to micro manage the court cost to the bookkeeper.

Additional

I will make every attempt to correct the above listed matters involving internal control and the operation of this office. I again have been given the horrible news of another death in my family within one year of the death of my son. My sister, who was my probate clerk passed away on Jan 16, 2012 (son Jan 23, 2011) Having worked here since 1976 – I have seen this office grow tremendously and the staff remains the same. I will again attempt to hire additional staff – mainly a bookkeeper – who can assist with the cross check on fines, assist with the IRMS – assist with the trust accounts and other bookkeeping matters so that I can devote more time to managing and bringing forward new technology within this office. Even with all my unfortunate circumstances in my personal life, I feel I have made great improvements within the office and I will strive to continue to make improvements.

Loebbie Shipp