



KAREN A. BUTLER
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF NEW KENT

FOR THE PERIOD
APRIL 1, 2014 THROUGH JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA
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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.

Reconcile Bank Account – New

The Clerk has not reconciled her bank account since December 2014. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and can increase the risk of loss of funds. Timely and complete reconciliations are an essential internal control.

The Clerk should perform monthly bank reconciliations upon receiving the bank statements as required by the Financial Management System User's Guide.

Properly Assess and Collect Attorney Fees – New

The Clerk did not properly assess and collect court-appointed attorney fees. In six local cases, the clerk did not bill the locality for the use of court-appointed attorneys, resulting in a loss to the Commonwealth of \$948. Further, in four local cases, the Clerk miscoded court-appointed attorney fees when assessing the defendant, resulting in a potential loss of \$632 to the locality.

The Clerk should correct these specific cases noted above and should work with her staff to ensure they understand the billing and collecting requirements.

Properly Assess DNA Fees – New

The Clerk is not utilizing information available through the Local Inmate Data System (LIDS) to determine whether or not a defendant needs to have a DNA sample taken, the cost of which the defendant must pay. Section 19.2-310.2 of the Code of Virginia requires defendants to pay for the taking of DNA samples when convicted of felonies and certain misdemeanor offenses. However, the defendant is not required to pay if a sample has already been obtained on previous convictions, and this is determined through information available in LIDS. The clerk should obtain access to LIDS in order determine if DNA has already been taken from a defendant and assess the DNA fee as appropriate.

File Annual Trust Fund Report – New

The Clerk did not file an annual report of trust funds held during fiscal years 2014 and 2015 with the Court. Section 8.01-600 of the Code of Virginia requires the Clerk to file an annual trust fund report with the Court no later than October 1 of each year and record the report in the court's trust fund order book.

The Clerk should immediately file the fiscal year 2014 and 2015 trust fund reports with the court and record the same in the Court's trust fund order book. Additionally, the Clerk must develop

procedures to ensure an annual trust fund report is filed each year in accordance with Code of Virginia requirements.

Request Tax Set-Off Refunds – New

The Clerk did not submit claims to the Virginia Department of Taxation (TAX) for tax set-off refunds for delinquent court fines and costs of \$512, resulting in a loss of revenue to the Commonwealth and locality.

A court must submit claims for set-off of tax refunds through TAX's automated system, the Integrated Revenue Management System. The Clerk should use the tax refund set-off process to maximize collections as required by the Code of Virginia. Also, when the Clerk receives tax set-off refunds, those funds should be immediately credited to the applicable defendants' accounts.

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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

December 14, 2015

The Honorable Karen A. Butler
Clerk of the Circuit Court
County of New Kent

C. Thomas Tiller, Board Chairman
County of New Kent

Audit Period: April 1, 2014 to June 30, 2015
Court System: County of New Kent

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

MSM:alh

cc: The Honorable Michael E. McGinty, Chief Judge
Rodney Hathaway, 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
Hon. Karen A. Butler, Clerk
New Kent County Circuit Court
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New Kent, VA 23124
804-966-9520

December 11, 2015

Martha Mavredes
Auditor of Public Accounts
Commonwealth of Virginia

Re: Management Points/Action Plan

Dear Ms. Mavredes:

I agree with your finding. The following are the steps that will be taken and the corrections that will be made prior to December 31, 2015 when I leave office. This is the first time that I have incurred any management points since taking office in April of 2014 and I would like to address that as well.

First and foremost, bank reconciliations fell terribly behind. This began with human error and then due to health reasons continued. I could not read numbers properly for months. Numbers were blurry and looked the same. I could not distinguish a 3, 6 or 8, 1 or 7, 7 or 9.

New Kent County Circuit Court is a small, busy court and we usually show as being nearly two people short in staffing according to workload. One of my best employees moved on to a better position elsewhere the end of November. Another employee left as well. With understaffing to start with and then hiring and training and additional understaffing, I had to hire and train and perform the duties of those gone and focus on the daily operations of the Court and serving the public. My work fell behind and my employees are too busy keeping up with their own work to provide me any support with financial matters. We are an office of four with some part-time help.

Once eye surgery was done and I could see, I could then go back and try to tackle what were then months of work. I was overwhelmed and could not catch up. OES was aware of the problem and had its own staffing difficulties as well. At this point, I have met with OES staff and we came to a conclusion for the bank reconciliation that is acceptable to all.

Improperly assessed and collected attorney fees for local cases were due to a lack of knowledge on the part of the current criminal clerk. Staff is now aware of billing and collecting procedures to collect attorney fees for local cases and corrections will be done. A sign on for

LIDS has been requested from the Compensation Board to ensure that DNA costs are assessed correctly.

The Annual Trust Fund Report was correctly recorded in the Trust Fund Order Book while the auditors were present.

Tax set off refunds were not collected in two cases. I was surprised by this finding as I check the notifications that I receive from the Virginia Department of Taxation. Since other funds were collected, I must have lost track of these two and they were missed.

The criminal clerk is my back up for this. Due to her workload she has been unable to provide assistance. To correct this I will check the Virginia Department of Taxation website on a regular basis and suggest to the incoming Clerk that another staff member be assigned to this task.

Going out on a bad note after so many good audits was not my goal. The respect and diligence of the auditors present made a bitter pill as easy to swallow as it could have been. My appreciation goes out to both of them.

Respectfully yours,

Karen A. Butler, Clerk