



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 7, 2017

The Honorable Gordon F. Saunders
Chief Judge
County of Rockbridge General District Court
20 South Randolph Street, Suite 200
Lexington, VA 24450

Audit Period: July 1, 2016 through June 30, 2017
Court System: County of Rockbridge
Judicial District: Twenty-fifth

We are performing a statewide audit of the General District Courts. During our review of this court, we conducted certain audit procedures, as we deemed appropriate.

Management of this court is an important part of the court's accountability, since you are responsible for establishing and maintaining internal controls and complying with applicable laws and regulations. During our review, we noted certain matters that required management's attention and corrective action. These matters included:

Properly Monitor and Disburse Liabilities (Repeat Finding)

The Clerk does not disburse liabilities promptly. The Clerk is holding \$65,183 in liabilities and outstanding disbursements that should have been escheated or otherwise disbursed. The Clerk should review the status of all liability accounts and outstanding disbursements and disburse or escheat them as applicable.

Request Tax Set-Off Refunds

The Clerk did not submit claims to the Virginia Department of Taxation (Taxation) for tax set-off of refunds for delinquent court costs and fines totaling \$6,214, resulting in a loss of revenue to the Commonwealth and Locality. A court must submit claims for set-off of tax refunds through Taxation's automated accounting system. The Clerk should use the tax refund set-off process to maximize collections as required by the Code of Virginia.

The Honorable Gordon F. Saunders
Chief Judge
November 7, 2017
Page Two

Properly Bill and Collect Court Costs (Repeat Finding)

The Clerk and her staff did not properly bill and collect court costs. In three of 20 cases tested, we noted the following errors.

- In two appealed cases, court costs totaling \$333 were not certified to the Circuit Court, resulting in a potential loss of revenue to the Commonwealth and Locality.
- In one case, a fine of \$250 was miscoded as local rather than state.

The Clerk and her staff should correct the specific cases noted above and institute a more diligent system of review to minimize the likelihood of billing errors going undetected. In all cases, the Clerk should bill and collect court costs in accordance with the Code of Virginia.

Retain Voided Receipts

In two of seven voided receipts tested, the Clerk did not retain all copies of the voided receipts and for three voided receipts, the Clerk did not note the reason for the voids. Voided transactions pose an increased risk for fraudulent activity and, as such, must be monitored and controlled closely. The Clerk should retain all copies of voided receipts and note the reason for voiding receipts as required by the Financial Management System User's Guide.

Properly Maintain Case Papers and Records (Repeat Finding)

The Clerk could not locate two entire case files and could not locate documentation related to court appointed attorney fees for a third case. The Clerk and her staff should maintain the court's records in accordance with the General District Court Manual.

We acknowledge the cooperation extended to us by the Clerk and her staff during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:alh

cc: Marilyn H. McCurdy, Clerk
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia