

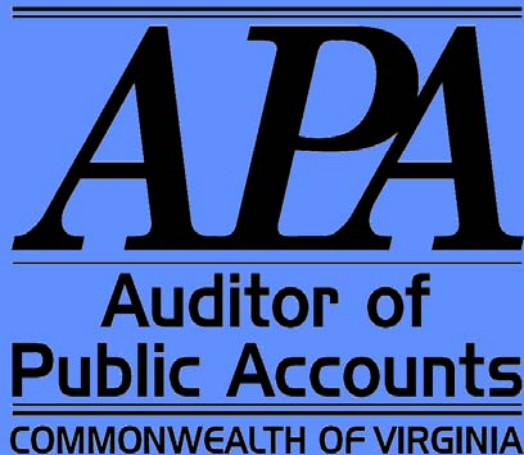
VIRGINIA GENERAL DISTRICT COURTS

STATEWIDE REPORT

REPORT ON AUDIT

DURING THE PERIOD

JULY 1, 2007 THROUGH JUNE 30, 2008



AUDIT SUMMARY

We have completed our audits of the District Courts, including Magistrates, covering fiscal period July 1, 2007, through June 30, 2008. In our audits of the courts in this year's work plan, we found twenty-three courts with the following findings, which we consider statewide issues. These findings represent failures in either internal controls or compliance requirements.

- Manage and Retain Accounting Records
- Deposit Funds Promptly
- Reconcile Bank Account
- Assess Court Fees and Costs

Statewide issues are those internal control findings or compliance issues that the Executive Secretary of the Supreme Court, as the District Court and Magistrate administrator, should consider addressing in new guidelines or provide training to help the specific courts improve. In addition, the Executive Secretary might consider including these issues when conducting statewide training for all District Courts and Magistrates.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

December 15, 2008

The Honorable Timothy Kaine
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

Our statewide report on the **Virginia District Court and Magistrate System** represents the results of audits that cover the fiscal period July 1, 2007, through June 30, 2008. The Supreme Court operates the District Court and Magistrate System, and is subject to the Chief Justice of the Supreme Court's administrative supervision. The Virginia District Court System includes all General District Courts, Juvenile and Domestic Relations District Courts, Combined District Courts, and Magistrate offices in the Commonwealth of Virginia.

Our audits determine whether court officials and magistrates have maintained accountability over collections, follow established internal controls, and complied with state laws and regulations. We use a risk-based audit approach for District Courts that assessed risk for each individual court to determine the amount of testing we would perform. There are a total of 200 District Courts in the Commonwealth and we conducted audits in 180 of the courts. Three localities have General District Courts with multiple divisions for which we issue separate reports. We had findings in twenty-three of the District Courts audited during the period.

This report summarizes the findings from our individual audits that we consider statewide issues that are common to several District Courts and Magistrates. Statewide issues are those internal control findings or compliance issues that the Executive Secretary of the Supreme Court, as the District Court and Magistrate administrator, should consider addressing in new guidelines or provide training to help the specific offices improve. In addition, the Executive Secretary of the Supreme Court periodically holds training for all these offices and should consider emphasizing these matters during future training sessions.

We identified the following internal control finding that we consider a statewide issue common to several Magistrate Offices.

- Manage and Retain Accounting Records

We identified the following internal control and compliance findings that we consider statewide issues common to both Districts Courts and Magistrate Offices.

- Deposit Funds Promptly

- Reconcile Bank Account

We identified the following compliance finding that we consider a statewide issue common to several District Courts.

- Assess Court Fees and Costs

We have included a further discussion of these statewide findings in the Statewide Internal Control and Compliance Issues section of this report. This report is for the information of the Governor and General Assembly, court management, and the citizens of the Commonwealth of Virginia; and is a public record. We discussed the findings contained in this report with court management at the completion of our individual audits during the period.

AUDITOR OF PUBLIC ACCOUNTS

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clj:

STATEWIDE INTERNAL CONTROL AND COMPLIANCE ISSUES

We identified the following internal control finding that we consider a statewide issue common to several Magistrate Offices.

Manage and Retain Accounting Records

Some Magistrates do not properly retain accounting records as required by the Magistrate's Manual, Chapter X. We found Magistrates did not retain validated bank deposit slips, court receipts, and bank statements for terminated employees. Further, several Magistrates retained manual receipt books with illegible copies, incomplete receipts, missing voided receipt copies, and signed blank receipts. We noted these issues at the following District Court– Magistrates' Offices.

Magistrates	Amherst General District Botetourt Combined Charlottesville General District Frederick General District Portsmouth General District
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Improper maintenance of accounting records resulted in several instances of unresolved reconciling differences and insufficient fund charges. Proper record keeping is one of many fundamental internal controls and an essential tool for detecting errors and irregularities. Magistrates should follow accounting procedures detailed in Chapter X of the Magistrate's Manual.

We identified the following internal control and compliance findings that we consider statewide issues common to several District Courts and Magistrate Offices.

Deposit Funds Promptly

Some Clerks and Magistrates do not deposit their daily collections in a timely fashion and in accordance with the FMS User's Manual, Chapter 10, and the Magistrates' Manual, Chapter X, and the Code of Virginia. We found bank deposit delays from one business day to twenty-seven business days.

We noted improper bank deposit delays at the following Magistrates' Offices and District Court Clerk's Offices:

Magistrates	Accomack General District Botetourt Combined Charlottesville General District Frederick General District Stafford General District
District Courts	Rappahannock Combined

Failure to promptly deposit collections increases the risk of misappropriation of funds and could result in loss of revenue to the Commonwealth. Clerks and Magistrates should promptly deposit collections in accordance with documented procedures.

Reconcile Bank Account

Some Clerks and Magistrates do not reconcile their bank accounts in a timely manner and in accordance with the FMS User's Manual, Chapter 10, and the Magistrates' Manual, Chapter X.

We noted delayed and missing reconciliations at the following Magistrates' Offices and District Court Clerk's Offices:

Magistrates	Alexandria General District Botetourt Combined Charlottesville General District Portsmouth General District Washington General District
District Courts	Amelia Combined Middlesex General District Rappahannock Combined

Bank account reconciliation is a fundamental internal control and an essential tool for detecting errors and irregularities. Clerks and Magistrates must ensure bank account reconciliations are performed promptly to maintain effective internal control.

We identified the following compliance finding we consider a statewide issue common to several District Courts.

Assess Court Fees and Costs

Some Clerks do not properly assess fees and costs in accordance with the Code of Virginia. We found the Clerks either failed to assess costs and fines, or made assessments to the wrong defendant or revenue account code, resulting in the wrong entity receiving the funds.

We noted improper assessing of fines and costs at the following District Court Clerk's Offices:

District Courts	Amherst General District Pulaski Juvenile and Domestic Relations Richmond City Juvenile and Domestic Relations Richmond City-Manchester General District Scott Combined Suffolk General District
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Improper assessments could result in a loss of revenue to the Commonwealth and the locality. Clerks should be more diligent in assessing and collecting fees and costs to ensure compliance with state law.

COMMITTEE ON DISTRICT COURTS

The Honorable Leroy Rountree Hassell, Sr., Chief Justice, Supreme Court of Virginia, Chairman

The Honorable H. Thomas Padrick, Jr., Judge, Second Judicial Circuit, Vice Chairman

The Honorable Philip Trompeter, Judge, Twenty-third Judicial District

The Honorable R. Larry Lewis, Judge, Thirtieth Judicial District

The Honorable Wenda K. Travers, Judge, Thirty-first Judicial District

The Honorable Janice J. Wellington, Judge, Thirty-first Judicial District

The Honorable Henry L. Marsh III, Member, Senate of Virginia

The Honorable Ryan T. McDougale, Member, Senate of Virginia

The Honorable William Roscoe Reynolds, Member, Senate of Virginia

The Honorable Richard L. Saslaw, Majority Leader, Senate of Virginia

The Honorable William J. Howell, Speaker, Virginia House of Delegates

The Honorable David B. Albo, Member, Virginia House of Delegates

The Honorable Kenneth R. Melvin, Member, Virginia House of Delegates

OFFICIALS

The Honorable Karl Hade

Executive Secretary

Office of the Executive Secretary of the Supreme Court of Virginia

APPENDIX

The following lists show those District Court audits completed since the last summary report was issued and through June 30, 2008, audit end dates.

June 2007 Audit End Date

<u>General District</u>	<u>Juvenile and Domestic Relations</u>	<u>Combined General District</u>
Campbell	Caroline	Charles City
Fauquier	Henrico	Highland
Gloucester	Newport News	Hopewell
Henrico		
Petersburg		
Roanoke City*		
Wythe		

September 2007 Audit End Date

<u>General District</u>	<u>Juvenile and Domestic Relations</u>	<u>Combined General District</u>
Arlington	Arlington	Culpeper
Bedford County	Bedford County	Fluvanna
Bristol	Charlotte	Lee
Fairfax City	Chesapeake	Russell
Fairfax County*^	Fredericksburg	Salem
Fredericksburg	Isle of Wight	Shenandoah
Hanover	James City/Williamsburg	
Middlesex*	Mecklenburg*	
Nelson	Montgomery	
Portsmouth^	Petersburg	
Richmond City Criminal	Portsmouth	
Staunton	Pulaski*	
Tazewell	Richmond City*	
	Roanoke County	
	Smyth	

December 2007 Audit End Date

<u>General District</u>	<u>Juvenile and Domestic Relations</u>	<u>Combined General District</u>
Alexandria^	Alexandria	Amelia*
Appomattox	Appomattox	Bath
Caroline	Bristol	Buckingham
Chesterfield	Campbell	Colonial Heights
Danville	Chesterfield	Craig
Frederick^	Danville	Dinwiddie
Halifax	Fairfax County*	Franklin City
James City/Williamsburg	Frederick	Galax
Lancaster	Halifax	Goochland
Loudoun	Hanover	Greene
Mecklenburg	Lancaster	Madison
New Kent	Loudoun	Prince George
Newport News Civil	Norfolk	Rappahannock*
Newport News Criminal	Patrick	Scott*
Newport News Traffic	Prince William	
Norfolk Civil	Roanoke City	
Norfolk Criminal	Spotsylvania	
Norfolk Traffic	Warren	
Patrick	York	
Prince William		
Pulaski		
Richmond City Civil		
Richmond City Traffic		
Spotsylvania		
Stafford^		
Winchester		
York		

March 2008 Audit End Date

<u>General District</u>	<u>Juvenile and Domestic Relations</u>	<u>Combined General District</u>
Accomack^	Accomack	Alleghany*
Amherst*^	Albemarle	Botetourt^
Augusta	Amherst	Buchanan
Charlotte	Charlottesville	Cumberland*
Charlottesville^	Clarke	Dickenson
Chesapeake	Gloucester	Emporia
Clarke*	Hampton	Essex
Hampton	King and Queen	Greensville
King and Queen	King William	Nottoway
King William	Lynchburg	Prince Edward
Lynchburg	Martinsville	Southampton
Montgomery –	Northampton	
Christiansburg	Pittsylvania	
Blacksburg	Stafford	
Pittsylvania	Staunton	
Richmond – Manchester*	Suffolk	
Warren	Washington	
Waynesboro	Waynesboro	
	Winchester	
	Wise and Norton	
	Wythe	

June 2008 Audit End Date

<u>General District</u>	<u>Juvenile and Domestic Relations</u>	<u>Combined General District</u>
Carroll	Carroll	Falls Church
Isle of Wight	Middlesex	
Suffolk*	Nelson	
Washington^	New Kent	

*: indicates audits with Court findings

^: indicates audits with Magistrate findings

Note 1: Report details are available in the individual reports which are located at www.apa.virginia.gov.

Note 2: Magistrate audits were performed in conjunction with General District and Combined General District Court audits.

We will include the following District Courts in the next audit cycle:

<u>Juvenile and Domestic</u>		
<u>General District</u>	<u>Relations</u>	<u>Combined General District</u>
Albemarle	Augusta	Bland
Franklin County	Fauquier	Brunswick
Henry	Franklin County	Buena Vista
Martinsville	Henry	Floyd
Mathews	Mathews	Grayson
Northampton	Northumberland	King George
Northumberland	Page	Louisa
Page	Rockingham	Lunenburg
Roanoke County	Tazewell	Orange
Rockingham	Virginia Beach	Powhatan
Smyth	Westmoreland	Radford
Virginia Beach		Richmond County
Waynesboro		Rockbridge
Westmoreland		Surry
Wise & Norton		Sussex