

June 28, 2002

The Honorable John T. Frey
Clerk of the Circuit Court
County of Fairfax

Board of Supervisors
County of Fairfax

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Fairfax for the period April 1, 2001 through March 31, 2002.

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. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted (a) weakness (es) in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Update Systems to Provide Improved Internal Controls

As noted in our previous report, the Clerk's office uses two internally developed and designed automated systems for processing court information. The Clerk's office had these systems developed and implemented in the mid 1980's before the Commonwealth of Virginia began its automation of the entire judicial system. These systems represented the state of the art of computerization of court systems when originally developed to handle the Court's significant workload.

One system records the receipt of all money in the Court; and the other system records case activity as well as fines and costs. These systems cannot share information and do not interface with the Commonwealth of Virginia's Supreme Court statewide systems. The Clerk's staff must manually enter financial data into both in-house systems separately and then enter summary information into the Supreme Court's financial management system.

Because of the age of these systems and the design options available at the time, neither system provides an optimum internal control environment. For example, the case management system cannot track changes to individual fines and costs accounts. Therefore, the Clerk cannot use the system to effectively monitor, review or approve account updates or changes. The inability to effectively monitor this activity degrades the Clerk's ability to detect errors, fraud or other loss of funds.

The Clerk plans to implement a new comprehensive automated case management system within the next year. The Clerk should ensure that any new system eliminates the need for entering data more than once and can interface or exchange information with any statewide court system. The new system should also provide an adequate audit trail for financial transactions and enhance the Court's control environment.

Further, the Clerk should work with the Executive Secretary of the Supreme Court to explore if both he and the Supreme Court could use this new system as a foundation for upgrading the Commonwealth's court systems. A partnership arrangement between the Clerk and the Supreme Court could benefit the entire Commonwealth and the County of Fairfax.

Strengthen Accounts Receivable Procedures

As noted in our previous report, the Clerk should strengthen procedures for establishing, monitoring, and collecting the Court's receivables. We found the following conditions.

- The Clerk does not establish accounts receivable on the case management system until after receiving sentencing orders. This often results in delays of up to two months between final case disposition and the set up of the accounts receivable. Promptly establishing accounts receivable is a vital process in efforts to collect fines and costs. The Clerk should revise the Court's procedure of waiting for a sentencing order and set up accounts receivable immediately after final case disposition. This will help increase the likelihood of collecting unpaid fines and costs.
- The Clerk is not consistently sending notices of delinquent fines and costs to the Department of Motor Vehicles. Section 46.2-395 of the Code of Virginia requires clerks to report all unpaid criminal and traffic cases. In 15 of 16 cases tested, the Clerk failed to notify the Department of Motor Vehicles for up to two years after the cases became eligible for license suspension. Driver's license suspension is an important tool for the collection of delinquent fines and costs. The Clerk should promptly report all cases with unpaid fines and costs.
- The Clerk is not consistently sending delinquent fines and costs to the Department of Taxation for collections. In 13 of 15 unpaid cases eligible for collections, the Clerk had not reported 11 delinquent accounts up to one year later, and had other two delinquent accounts reported up to three years late. To maximize collections, the Clerk should promptly report all unpaid fines and costs to the Department of Taxation.

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- The Clerk did not properly enter all delinquent fines and costs in the Judgment Lien Docket as required by Section 8.01-446 of the Code of Virginia. In 12 of 20 unpaid cases tested, the Clerk entered the judgments up to six months late. To maximize collection efforts, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket Book.
- The Clerk is not promptly updating receivables. We found a case where a \$150 payment recorded on the Court's in-house cash receipting system did not get recorded in the defendant's account in the case management system until three weeks later. In another case, the judge vacated a defendant's \$1,000 fine, but the Court did not remove it from the defendant's receivable until eight months later.

Proper management of accounts receivable greatly enhances the collection of fines and costs. The Clerk should immediately strengthen the Court's procedures to ensure that receivables are properly established, monitored and collected.

We discussed these comments with the Clerk on June 28, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Michael P. McWeeny, Chief Judge
Anthony H. Griffin, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
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