

**HAYDEN H. HORNEY
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF WYTHE**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2011 THROUGH DECEMBER 31, 2012**



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.

Improve Management over Financial Operations

The Clerk does not have adequate internal controls over the financial operations of his office. Specifically, we noted the following weaknesses.

- The Clerk is holding one chancery deposit of \$15,962 and two garnishments totaling \$2,357 for ended cases.
- The Clerk miscoded \$300 as escrow collection for others rather than Clerk's passport fees and miscoded \$200 as tax set-off collections rather than secure remote access fees.
- The Clerk did not distribute \$89 in Tax Set-Off Program collections received from the Department of Taxation to individual accounts in the court's accounting system.
- In 2010, the Clerk did not perform due diligence for an unclaimed trust fund account, delaying the disbursement until the beneficiary contacted the Clerk in October 2011.
- The Clerk did not review and approve the daily financial reports for June 2011 and August 2012.

While we believe some of the errors were the result of staff turnover, the Clerk must ensure he has competent staff who are trained to back up the chief accounting officer of the court. If necessary, the Clerk should request additional training from the Office of the Executive Secretary of the Supreme Court of Virginia.

We recommend the Clerk establish proper procedures to improve internal controls relating to the daily and monthly closing of the court's accounting system. These procedures should include the Clerk reviewing all daily financial reports, monitoring and disbursing liabilities and trust funds, correcting receipting errors, and promptly distributing Tax Set-Off collections to the applicable defendants' accounts.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 2, 2013

The Honorable Hayden H. Horney
Clerk of the Circuit Court
County of Wythe

Danny C. McDaniel, Board Chairman
County of Wythe

Audit Period: April 1, 2011 through December 31, 2012
Court System: County of Wythe

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 controls 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

LJH: clj

cc: The Honorable Robert M. D. Turk, Chief Judge
R. Cellell Dalton, 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 of the Circuit Court

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Hayden H. Horney, Clerk
Janet R. Hancock, Chief Deputy

Frankie Akers, Deputy
Ashley King, Deputy
Dorinda L. Elliott, Deputy
Chelsea K. Musick, Deputy
Lori Krunich, Deputy

May 24, 2013

Auditor of Public Accounts
Attention: Martha Mavredes, Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

In regards to the auditor's management comments, this office has already implemented actions to correct the errors pointed out by the auditor. Most of these errors were created due the terminal illness and death of my Chief Deputy Ms. Atwell's husband. He was diagnosed with cancer and went through several months of treatment and operation preparation before passing away in March of 2012. Due to this Ms. Atwell was out of the office a lot and other deputies were being trained to pick up her duties. Because Ms. Atwell, with her forty plus years in this office, handled the bookkeeping and financial matters, I had to train my second in command, Mrs. Hancock to take on these responsibilities. Then Mrs. Atwell retired August 31, 2012 therefore, everyone had to learn new responsibilities. This along with the fact that we were severely understaffed there were errors made and sometimes things did not get done timely.

As of now, we have everyone trained to their new responsibilities and have therefore been able to reduce the number of errors made. With the knowledge of things we had missed, being brought to our attention, by the auditor, we have been able to correct the mistakes that were made.

If you have any specific questions, I may answer, please contact me.

Respectfully yours,

Hayden H. Horney
Hayden H. Horney, Clerk