



**LLEZELLE AGUSTINE DUGGER
THE CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF CHARLOTTESVILLE**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2012 THORUGH MARCH 31, 2013**

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.

Reconcile Bank Statements

The Clerk did not reconcile the court's bank account for more than a year. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. The Clerk should reconcile system balances to the bank statement monthly and resolve all differences immediately.

Request Tax Set Off Refunds Timely

The Clerk did not submit claims timely to the Virginia Department of Taxation (TAX) for tax set-off refunds for delinquent court costs and fines, 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 accounting 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.

Monitor and Disburse Liabilities

As of the audit period end date, the Clerk was holding over \$104,600 of bonds, refunds, escrow, and condemnation funds. These funds may be eligible for escheatment in accordance with Section 55-210.12E of the Code of Virginia as unclaimed property. In addition, nine cases were listed as having a total of \$1,378 in credit balances.

The Clerk should monitor liability accounts and promptly disburse funds when a case concludes or if eligible, remit to the Department of the Treasury's Division of Unclaimed Property. Any credit balances on an account should be immediately resolved.

Properly Bill and Collect Court Costs and Fines and Manage Receivables

During test work in Criminal cases, the following errors were found in 25 of 41 cases tested:

- A fine of \$102, court costs of \$1,811 and attorney fees of \$788 were not charged to defendants.
- Defendants were overcharged for fines and costs totaling \$767.
- Receivable accounts were set up in two cases that had not been finalized by court order. In one of these cases, the defendant was given additional time to pay fines and costs without a written agreement between the court and the defendant. One case was updated in the court's system as being 'Dismissed' when the disposition should have been 'Nolle Prosequi'.
- Four cases were updated in the court's system as being 'dismissed'; however, there were no court orders dismissing the case.
- A state case was identified in the system as local, resulting in a loss to the Commonwealth.
- One case initially classified as a local case was amended in court identifying it as a state case; however, the system was not modified to reflect this change.
- Due dates on two accounts were either incorrectly calculated or did not have supporting documentation, such as a payment agreement between the defendant and the court.

- Section 18.2-270.01 of the Code of Virginia requires a \$50 Trauma Center Fund Fee to be ordered by the Judge and charged to the defendant on multiple alcohol related violations. This fee is not consistently being ordered and charged.

The Clerk should review all cases noted during our audit and correct or update them accordingly. Case files should not be updated with dispositions and costs from notes taken by the courtroom Clerk. The Clerk should ensure that orders are completed and cases are updated immediately to reflect what is ordered by the Judge through an official court order. Further, the Clerk should work with her staff to ensure they understand the billing and collection requirements and, if necessary, request additional training from the Office of the Executive Secretary of the Supreme Court of Virginia.

Review Cases Concluded Without FMS Receivables Report

The Clerk did not review the Cases Concluded without FMS Receivables (CR32) report during the audit period. This report lists CMS cases concluded with a fine or cost amount that does not have a corresponding receivable account in the Financial Management System. The Commonwealth recovers the costs of prosecution when defendants pay the costs assessed by the Clerk. The review of this report is essential in ensuring that receivable accounts are set up for concluded cases for which fines and costs are owed.

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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

September 26, 2013

The Honorable Llezelle Agustin Dugger
Clerk of the Circuit Court
City of Charlottesville

Satyendra Singh Huja, Mayor
City of Charlottesville

Audit Period: January 1, 2012 through March 31, 2013
Court System: City of Charlottesville

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System 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: clj

cc: The Honorable Daniel R. Bouton, Chief Judge
Maurice Jones, City Manager
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

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September 10, 2013

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

RE: Response to Audit Report

Dear Ms. Mavredes:

This is my official response to the Audit Report which covers the January 1, 2012 to March 31, 2013 time period. My response tracks the format of the Comments to Management in hopes that it will be easier to follow.

Reconcile Bank Statements

Each month, I carefully compare bank statements to the deposits and disbursements made that past month and note any material discrepancies, if any, as soon as possible. Fortunately, there have been none since I took office on January 1, 2012. I will endeavor to resolve any discrepancies between our bank and FMS (e.g., when the bank believes our deposit is more than what FMS and/or our own accounting show) more expeditiously so that I may account for them and reconcile them in FMS as quickly as possible.

Request Tax Set Off Refunds

This finding has been and continues to be addressed. When I took over in January 2012, no one was certified on IRMS to submit these claims as my predecessor was the only one with IRMS certification during his administration. My Chief Deputy Clerk is now certified for IRMS, and I plan to have two (2) additional people certified by the end of 2013. This will insure that notices will be received and claims will be submitted in a timely fashion.

Monitor and Disburse Liabilities

Please see attached Exhibits A and B. My Chief Deputy Clerk and I will monitor this more closely in the future.

After reviewing the funds tagged by the Audit Team, we determined that none of the funds were eligible for escheatment in accordance with Section 55-210.12E of the *Code of Virginia* as unclaimed property at this time. Please see **Exhibit A** for more detailed explanations.

Properly Bill and Collect Court Costs and Fines and Manage Receivables

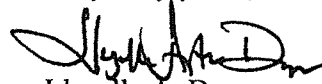
All errors noted in the 25 cases have been corrected. In addition, a standard list of fines and costs has been developed and both Deputy Clerks in the Criminal Division have been re-trained on assessing the correct court costs. My Chief Deputy Clerk will monitor this area to ensure that assessments of costs are done consistently and correctly.

Review Cases Concluded Without FMS Receivables Report

This is now being monitored by both the Clerk and the Chief Deputy Clerk.

In closing, I do want to commend the Audit Team that came to my office. During their entire time with us, each of them worked with me and my staff so that any necessary interruptions did not result in any loss of customer service. Linda, Bonnie & John respected the time constraints that affect any office that serves the public. Finally, they treated me and my staff with respect and fully understood the difficulties that come with an office in transition. For that, I am grateful.

Very truly yours,



Liezelle A. Dugger
Clerk of Court

Attachments

cc: Laurie J. Hicks