



**DEBRA M. SHIPP  
THE CLERK OF THE CIRCUIT COURT  
FOR THE  
COUNTY OF ALBEMARLE**

**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.

### Monitor and Disburse Liabilities

As of the audit period end date, the Clerk was holding over \$423,989 that may be eligible for escheatment as unclaimed property in accordance with Section 55-210.12E of the Code of Virginia. The Clerk should regularly 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.

### Request Tax Set Off Refunds

The Clerk did not submit claims to the Virginia Department of Taxation (TAX) for tax set-off of refunds totaling \$2,336 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.

### Improve Trust Fund Reporting

The Clerk did not submit an accurate Annual Trust Fund Report for funds held at June 30, 2012 as required by Section 8.01-600 of the Code of Virginia. The 2012 Annual Report balance was overstated by \$64,613. The Clerk should reconcile trust fund activity before preparing the annual report to ensure accurate reporting. In addition, the Clerk should file an amended Annual Report for 2012.

### Properly Bill and Manage Accounts Receivable

The Clerk and her staff did not properly bill and manage accounts receivable. In 14 of 53 cases tested, we noted the following errors.

- Court costs of \$61, which were not certified by the District Court, were charged to the defendant.
- Tried in Absence fees of \$70 that were certified by the District Court were not charged to the defendant.
- Attorney fees of \$790 were not properly classified as local fees in the financial management system. This resulted in the locality not being billed for the fees.
- A Commonwealth fine of \$1,000 was not charged to the defendant.
- A Commonwealth fine of \$30 ordered to be suspended was charged to the defendant.
- An additional waiver amount of \$12.50 was not approved by the Chief Judge.
- Due dates on two accounts were updated without a signed payment agreement.

The Clerk should correct these specific cases noted above. 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.

### Assess the Multiple DUI Fee

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.

### Properly and Promptly Reconcile Bank Account

As noted in the prior audit, the Clerk does not consistently perform appropriate bank reconciliations and does not promptly resolve reconciling items. 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. We recommend the Clerk request additional training in preparing the monthly bank reconciliation.

### Review Cases Concluded Without FMS Receivables Report

The Clerk did not consistently 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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# Commonwealth of Virginia

*Auditor of Public Accounts*

Martha S. Mavredes, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

September 25, 2013

The Honorable Debra M. Shipp  
Clerk of the Circuit Court  
County of Albemarle

Ann H. Mallek, Chairman  
County of Albemarle

Audit Period: January 1, 2012 through March 31, 2013  
Court System: County of Albemarle

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  
Thomas Foley, County Executive  
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

# Commonwealth of Virginia



## RECORDATION & PROBATE

(434) 972-4083

### Deputies

Tonette Morris

~~Patsy Minahan~~

~~Kelly Kirschmick~~

~~Travis Morris~~

Erika Johnson

Debra M. Shipp, Clerk  
Circuit Court Albemarle County  
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## COURT SERVICES

(434) 972-4085

### Deputies

~~Terri Meeks~~

Roxanne Bruce

Dayna T. Awkard

~~Pam C. Melampy~~

TO: Martha Mavredes, Auditor of Public Accounts

FROM: Debra M. Shipp, Clerk  
Albemarle County Circuit Court

DATE: August 28, 2013

In response to the audit conducted for the period January 1, 2012 through March 31, 2013, I offer the following explanations and course of action:

### Monitor and Disburse Liabilities

I am working on disbursing the funds from these accounts that have been concluded by having staff send orders to attorneys to assure that funds are being disbursed to correct person. If cases are eligible they are being remitted to the Department of Treasury upon not being able to locate parties involved, some of which are from the 90's, which require research in order to obtain addresses to send notices out. All duties of this office are of the utmost importance.

### Request Tax Set Off Refunds

I am aware of the procedures for tax set off claims. Unfortunately, I had yet another death in my office and family in January 2012. This was the person that was in the process of being my back up for IRMS. Needless to say, the claims for February & March were obviously an oversight, as I was attempting to handle many other duties at that time. I now have another back up for IRMS.

### Improve Trust Fund Reporting

I have filed an amended report for my trust funds which was overstated due to bank code not being changed to trust account code.

### Properly Bill and Manage Accounts Receivable

On an average since I have taken office this office has processed 1135 criminal cases per year. We have had two people in that office. With turnovers in the criminal office, one retirement and three that have left for better benefits within a five year period, that leaves one person to handle the training and vast majority of the criminal matters. This office has grown and this area is one of concern with all

the duties that are involved with the calculation of court fines and costs being an issue. I have addressed the need for additional staff in this area as well as a bookkeeper to be the second check system for elimination of errors. I would love to be able to send staff to the classes in Richmond at the office of the executive secretary, but sometimes having two judges / two courts and no staff left to run the criminal office – that can become a problem. I will make contact and ask for assistance with training on site. Many problems in this are due to staffing issues.

#### Assess the Multiple DUI Fee

Having talked with the criminal clerk, who also has to prepare an order for each case that is heard in criminal matters, she will make sure each order states the language ordered by the Judge to be consistent with the ruling from the bench.

#### Properly and Promptly Reconcile Bank Account

All bank statements are reconciled to date and will continue to be reconciled.

#### Review Cases Concluded Without FMS Receivables Report

I have made it a point to print the FMS Receivables (CR32) report each month when closing out the month end. This report is another duty that I would be able to take advantage of additional eyes to be able to make sure court costs are assessed properly.

#### Lastly – Management's Responsibility

Circuit Court Clerks offices handle more than 800 duties spread over 9 deputy clerks and myself. I have provided our county with different spreadsheets: workload for our office, staffing of other courts, comp board request for additional staff. I have a very dedicated staff, some of them cannot find time to take their leave due to lack of having proper coverage in office. (I had to come into office each day after the loss of my sister in order to enter the daily deposits for office and handle jury questions) This county deserves the best possible service to our citizens, the public and your voters. I am very passionate about this office and want to make sure all duties are carried out to the best of my ability, but it is not possible to manage what I have lack of – staff.