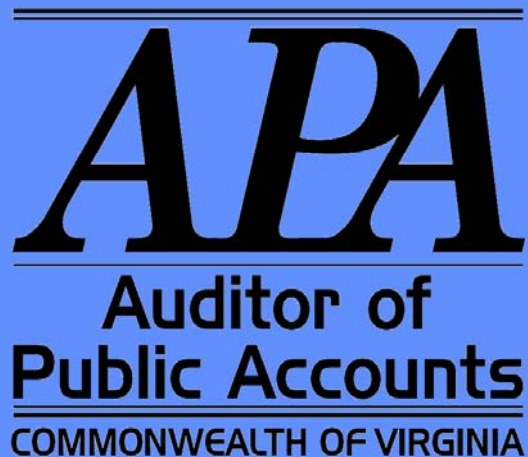


**PAUL C. GARRETT
THE CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF CHARLOTTESVILLE**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

April 13, 2009

The Honorable Paul C. Garrett
Clerk of the Circuit Court
City of Charlottesville

City Council
City of Charlottesville

Audit Period: January 1, 2007 through December 31, 2008
Court System: City of Charlottesville

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.

Financial Matters

We noted no instances of improper recording and reporting of financial transactions in the Court's financial management system.

Internal Controls

We noted matters involving internal control and its operation necessary to bring to management's attention.

Compliance

The results of our tests of compliance with applicable laws and regulations disclosed instances of noncompliance that are required to be reported.

The issues identified above are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these issues 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

WJK:clj

cc: The Honorable Timothy K. Sanner, Chief Judge
Gary O'Connell, 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

COMMENTS TO MANAGEMENT

Internal Controls

We noted the following matters involving internal control and its operation that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Properly Monitor and Disburse Liabilities

The Clerk has held some funds for up to 20 years totaling \$37,614 that are eligible as Unclaimed Property for remittance to the Commonwealth in accordance with Section 8.01-335 of the Code of Virginia. Auditor also found funds that the Clerk has held for up to four years after the court final order making them eligible for disbursement to the payer in accordance with Section 55-210.12E of the Code of Virginia.

Our test sample of 17 accounts totaling \$27,703 found all eligible for forfeiture, disbursement, or escheatment to the Commonwealth. The Clerk should immediately remit these funds to the Treasurer of Virginia or to the proper recipient.

The Clerk should also review the \$145,794 held in various liability accounts; and determine the status of each account; and disburse the funds to the appropriate party. Additionally, the Clerk should maintain correspondence with Judges, Attorneys, plaintiffs and defendants to assist in the timely resolution of these cases; and should properly document this correspondence in each case file. For any monies held by the Clerk for a year or longer and identified as Unclaimed Property, the Clerk should remit these monies to the Commonwealth as required by the Code of Virginia.

Compliance

The results of our tests of compliance with applicable laws and regulations disclosed the following instances of noncompliance.

Request Tax Set Off Refunds

In the last two years, the Clerk has lost the opportunity to collect up to \$10,000 in delinquent fines and costs, because the Clerk did not respond to notification from the Virginia Department of Taxation (TAX) which wanted to know if the Clerk wanted TAX to hold the income tax refund. Starting in fiscal year 2006, a court must request holding tax refunds through the Department of Taxation's automated accounting system called the Integrated Revenue Management System (IRMS). Currently, the Clerk is the only staff member certified to use this system; however, he does not properly respond to the necessary notifications in order to hold the funds. The Clerk should promptly respond to tax set off refunds held by the Department of Taxation.

CIRCUIT COURT
OF THE CITY OF CHARLOTTESVILLE
315 EAST HIGH STREET
CHARLOTTESVILLE, VIRGINIA 22902-5195
(434) 970-3766

PAUL C. GARRETT
CLERK

April 8, 2009

NANNETTA J. JACKSON
MARY A. SHAFER
TRACY D. SMITH
GWENDOLYN T. EARLY
CHERITA L. JACKSON
ANITA D. SPIVEY
DEPUTY CLERKS

Office of the Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia

Dear Sir:

The following is a corrective plan to address findings contained in a communication dated March 27, 2009 from the Office of the Auditor of Public Accounts concerning pertaining to this office. It is respectfully requested that a copy of this communication be attached to any individual, office, or location to which the referenced communication was or will be sent or posted. The items are addressed in the order listed in the referenced communication.

Monitoring and Disbursing Liabilities:

This office will conduct a comprehensive review of the matters which may be eligible for transmitting to the Division of Unclaimed Property. Some of those items involve criminal bonds in which there is an outstanding capias for the arrest of the defendant. Although several requests have been made for the responsible office to pursue forfeiture of the bonds, but, as that has not yet happened, those funds will be sent to the above-mentioned office. As to the civil matters, even though there may have been a final order in those matters, this office has not been able to determine the owner, or to whom the funds, usually bonds, should be paid, or even, if in fact, it has been determined by the Court that the funds are payable as the order is silent as to those matters. In these instances, the funds shall be sent to the state for such action as may be deemed appropriate. The review will include the items that may be eligible for forfeiture, disbursement, or escheatment to the Commonwealth with the appropriate action to be taken.

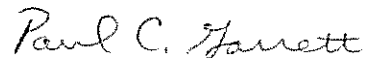
This office will review the matters pertaining liability accounts to determine the status of such and disburse when appropriate. In most cases, the funds are deposited with the court until such the Court determines how the funds should be distributed among the contesting parties. The parties involved submit drafts of proposed orders to the Court which indicate how such funds should be distributed. In many cases the matters are so complicated that more than one year is necessary for resolution by the Court or the funds need to be held more than one year to allow any potential claimants to

respond. It has been and still is the practice of this office to put all correspondence received by this office pertaining to the cases, whether from or to judges, attorneys, plaintiffs or defendants, in the respective files, and this practice will continue. It is thought that placing the said correspondence in the files would suffice as documentation.

Tax Debt Set-off

As was explained to the representatives of the Office of the Auditor of Public Accounts, during the periods when there is much activity pertaining to tax refunds, usually between January and April, during each of the last two years, this office had a severe personnel shortage of key personnel, for extended periods of time for medical reasons. Other functions, such as, but not limited to, the collection of substantial recordation fees, which were distributed to the state and the locality, were performed through the use of overtime after the normal workday and during weekends and holidays. The difficulty experienced by this office was communicated to the funding sources for this office, with some assistance being provided by the locality for additional help. That difficulty was not the situation this year, and this office is currently participating in the set-off debt program for this year.

Yours truly,



Paul C. Garrett, Clerk