

February 25, 2002

The Honorable Helen Butts
Clerk of the Circuit Court
County of Clarke

Board of Supervisors
County of Clarke

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Clarke for the period October 1, 2000, through December 31, 2001.

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; and no material weaknesses in the internal controls. However, we noted noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Collect Taxes and Fees at Qualification

The Clerk does not consistently collect taxes and fees when qualifying an executor or administrator of an estate as required by Section 58.1-1715 of the Code of Virginia. In three of ten estates tested, the Clerk qualified individuals without collecting a total of \$2,369 in state and local taxes and fees. The Clerk did not collect the taxes and fees for up to four months after qualification. One additional estate bill of \$189, which represents taxes and fees due upon qualification filed in June 2001, has remained unpaid as of the audit date. The Clerk has a statutory responsibility to collect taxes using the estimated value of the estate at the time of qualification.

Improve Accounts Receivable Management

The Clerk does not have adequate procedures to establish, monitor and collect accounts receivable. Specifically, we found the following conditions:

- The Clerk did not properly assess costs in eight of 20 cases tested. In five cases, the Clerk improperly assessed and collected an additional courthouse maintenance fee. The Clerk did not assess the fixed probation revocation fees in an additional three cases tested. The Clerk should properly assess costs as outlined by the fee schedule issued by the Supreme Court of Virginia.
- The Clerk does not properly document due dates as required by Section 19.2-354 of the Code of Virginia. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the court or evidenced by a written payment agreement. In all 14 unpaid cases tested, we found that sentencing orders do not include a due date. The Clerk explained that the Judge allows defendants time to pay fines and costs until their release from probation. Further, the Commonwealth's Attorney or the Town Prosecutor must prepare the sentencing orders. The Clerk, Judge, and Prosecutors should work together to ensure due dates are included in court orders.
- The Clerk did not establish accounts receivable in the automated system immediately after final disposition of the case in accordance with the Financial Management System User's Guide. In seven of 14 unpaid cases tested, the Clerk did not establish the accounts receivable for up to seven weeks after final disposition. The Clerk should immediately establish the accounts receivable whenever the Court assesses the fines and costs. This should help strengthen collection procedures and increase the collection of court revenue.
- In ten of 14 unpaid cases tested, the Clerk entered judgments in the Judgment Lien Docket up to eleven weeks after assessment. The Clerk explained that she waits until the Judge signs the court order before recording the judgment. The Clerk should record all unpaid fines and costs in accordance with Section 8.01-446 of the Code of Virginia, which requires the Clerk to record unpaid fines and costs without delay.

These weaknesses hinder the collection of fines, costs, and fees. The Clerk should immediately implement procedures to ensure that the receivables of her court are properly established, monitored, and collected.

We discussed these comments with the Clerk on February 25, 2002 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

cc: The Honorable J. E. Wetsel, Jr., Chief Judge
David Ash, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts