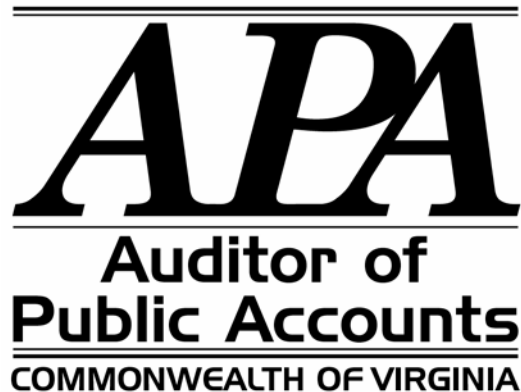


**VIRGINIA CIRCUIT COURTS
STATEWIDE REPORT**

**REPORT ON AUDITS
DURING THE PERIOD
July 1, 2005 THROUGH JUNE 30, 2006**



AUDIT SUMMARY

During our audits of Clerks of Circuit Court for the fiscal year 2006, we identified the following three findings that we consider statewide issues that are common to several circuit courts:

- Properly assess and record court fees and costs;
- Properly manage accounts receivable; and
- Properly monitor and disburse liabilities.

Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the circuit court administrator, to consider issuing new guidelines or providing training to help specific clerks' offices improve. In addition, the Executive Secretary should consider including these issues when conducting statewide training for all clerks' offices.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

September 28, 2006

The Honorable Tim Kaine
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We are pleased to submit our statewide report on the **Virginia Circuit Court System**. This report represents the results of audits conducted in our 2006 work plan and covers fiscal period July 1, 2005 through June 30, 2006. The Supreme Court of Virginia establishes the rules of practice and procedure for the circuit courts, while the Executive Secretary of the Supreme Court acts as the administrator of the circuit court system.

Our audits determined whether the Clerks of the Circuit Court have maintained accountability over collections, established internal controls, and complied with state laws and regulations. We used a risk-based audit approach for circuit courts that assessed risk for individual courts to determine the amount of testing we performed.

During this period, we conducted 100 Clerks of Circuit Court audits and noted findings in eight offices. We previously communicated findings for individual circuit court audits to the appropriate Clerks of the Circuit Court, Chief Judges, local governing bodies, and the Executive Secretary of the Supreme Court. At the time we issue each report, the Clerk of the Circuit Court audited has the opportunity to submit their corrective action plan which would state what action the Clerk would take to remediate the finding. We include these responses in the final audit report for each court.

This report summarizes the findings from our individual audits that we consider statewide issues that are common to several clerks' offices. Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the circuit court administrator, consider issuing new guidelines or provide training to help these offices improve. In addition, the Executive Secretary of the Supreme Court periodically holds training for all clerks' offices and should consider emphasizing these matters during future training sessions.

We identified the following three findings that we consider statewide issues common to several circuit courts:

- Properly Assess and Record Court Fees and Costs;
- Properly Manage Accounts Receivable; and
- Properly Monitor and Disburse Liability Accounts.

We have included a further discussion of each of these statewide findings in the “Statewide Internal Control and Compliance Issues” section of this report.

In accordance with the provisions of Item 66 (I) of Chapter 951 of the 2005 Acts of the Assembly and Item 64 (I) of Chapter 3 of the 2006 Acts of the Assembly, we found that the following Clerks had internal control findings repeated for two consecutive audit periods. We continue to conduct audits and provide the Compensation Board any additional clerks who have repeated findings for two consecutive audit periods.

OFFICES HAVING REPEATED FINDINGS

County of Buchanan
County of Giles
County of Greensville
City of Petersburg
County of Powhatan
County of Smyth
County of Washington

Although there are seven clerks’ audits with internal control findings repeated for two consecutive audit periods, this represents a reduction in the number of clerks by 10. We believe that the actions of the General Assembly have had the intended results of correcting internal controls. We are conducting audits on two courts that have had prior findings and, if we find that they have repeated findings, we will report this information to the Compensation Board.

This report is intended for the information of the Governor and General Assembly, court management, and the citizens of the Commonwealth of Virginia and is a public record. We discussed the findings contained in this report with court management at the completion of our individual clerk’s office audits during the period.

AUDITOR OF PUBLIC ACCOUNTS

MMT:jab
jab:27

STATEWIDE INTERNAL CONTROL AND COMPLIANCE ISSUES

We identified the following three findings that we consider statewide issues common to several circuit courts.

Properly Assess and Record Court Fees and Costs

Some clerks do not properly assess and record fees and costs in accordance with the Code of Virginia. We found errors in the assessment of such costs as court-appointed attorney/public defender fees, DUI conviction fees, forensic laboratory fees, and the application of fixed felony or misdemeanor fees. Clerks need to be more diligent and assess court costs and fees in accordance with the Code of Virginia. Clerks should always use current fee schedules and, when practical, attend the Supreme Court's periodic regional training sessions to help keep staff abreast of any changes in costs and fees.

We noted improper assessing of fees or costs at the following Clerk of Circuit Court offices:

Buchanan*	Smyth
Greensville	Sussex
Petersburg*	Washington*
Powhatan	

* Indicates repeat finding from prior year's audit

Improve Accounts Receivable Management

We found that many clerks do not properly establish, monitor, or collect accounts receivable. Specifically, we found the following conditions:

- Some clerks altered fines and costs due dates in the court's financial management system without a court order or obtaining a signed pay agreement in accordance with 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 plan. Court staff should not alter due dates unless they have an established or revised payment agreement, so that defendants understand their obligation to the court. Allowing due date changes without proper supporting documentation significantly raises the risk of loss of funds due the Commonwealth and the locality.
- Some clerks failed to promptly enter unpaid fines and costs in the court's automated financial system. We found instances where clerks did not enter fines and costs for periods up to two and one-half months after sentencing. Clerks should promptly enter all fines and costs in the automated financial system to ensure that the collection process can proceed.
- Some clerks failed to record judgments for delinquent accounts in the Judgment Lien Docket Book as required by Section 8.01-446 of the Code of Virginia.

- Some clerks failed to promptly report delinquent accounts to the Department of Motor Vehicles. We noted reporting delays of up to 19 months after accounts became past due and eligible for license suspension. Section 46.2-395 of the Code of Virginia requires clerks to report all unpaid criminal and traffic cases. Driver license suspension is often an important tool for collecting delinquent fines and costs, therefore, clerks should promptly report delinquent accounts to the Department of Motor Vehicles.

Inadequate management of accounts receivable inhibits the collection of fines and costs. Clerks should follow Supreme Court guidance and the Code of Virginia requirements when establishing and managing the court’s accounts receivable. The lack of such procedures, improper due date changes, untimely reports to the Department of Motor Vehicles, all hinder collection efforts and the delayed recording of judgments result in lost revenue for the Commonwealth and localities.

We noted accounts receivable issues at the following Clerk of Circuit Court offices:

Buchanan*	Powhatan
Giles	Smyth*
Petersburg*	Washington

*Indicates repeat finding from prior year’s audit

Properly Monitor and Disburse Liabilities

Some clerks do not properly monitor or promptly disburse liabilities such as civil and criminal bonds and unclaimed properties. Specifically, we identified the following weaknesses:

- Some Clerks were unnecessarily holding condemnation, restitution, and civil or criminal bonds. Section 58.1-3177 of the Code of Virginia provides that the Clerk may be personally liable for any loss of income for failing to pay out money so ordered by the court within 60 days of a court order. In some cases, a clerk’s failure to properly disburse liabilities could result in a substantial personal liability.
- Some Clerks failed to prepare the annual Unclaimed Property Report as required by Section 55-210.12 of the Code of Virginia. Clerks should review all liabilities and outstanding checks annually and report and escheat amounts over one year old to the State Treasurer. Clerks can be personally liable for interest and penalties for failing to send eligible property to the Division of Unclaimed Property.

Clerks should monitor liability accounts and promptly disburse these funds upon conclusion of the cases. Clerks should also send any unclaimed property to the Division of Unclaimed Property after applying due diligence procedures.

We noted liabilities issues at the following Clerk of Circuit Court offices:

Buchanan	Powhatan*
Giles*	Washington
Petersburg*	

*Indicates repeat finding from prior year’s audit

APPENDIX

2006 Circuit Court Audits

The following list shows those Circuit Courts audited during the period July 1, 2005 through June 20, 2006.

Accomack	Gloucester	Petersburg**
Albemarle	Goochland	Pittsylvania
Alleghany	Grayson	Portsmouth
Amelia	Greene	Powhatan**
Arlington	Greensville**	Prince George
Augusta	Halifax	Pulaski
Bath	Hampton	Radford
Bedford County	Hanover	Richmond City – John Marshall
Botetourt	Henrico	Richmond City – Manchester
Bristol	Highland	Richmond County
Buchanan**	Hopewell	Roanoke city
Buckingham	Isle of Wight	Rockbridge
Buena Vista	James City/Williamsburg	Rockingham
Caroline	King & Queen	Russell
Carroll	King George	Scott
Charles City	King William	Shenandoah
Charlotte	Lancaster	Smyth**
Charlottesville	Lee	Southampton
Chesapeake	Loudoun	Spotsylvania
Chesterfield	Louisa	Stafford
Clarke	Lunenburg	Suffolk
Colonial Heights	Lynchburg	Surry
Craig	Madison	Sussex**
Culpeper	Martinsville	Tazewell
Cumberland	Mathews	Virginia Beach
Danville	Middlesex	Warren
Dinwiddie	Montgomery	Washington**
Essex	Nelson	Westmoreland
Fairfax County	New Kent	Winchester
Fauquier	Newport News	Wise & Norton
Floyd	Norfolk	Wythe
Fluvanna	Northampton	York
Fredericksburg	Orange	
Giles**	Page	

** Denotes audit with one or more findings.

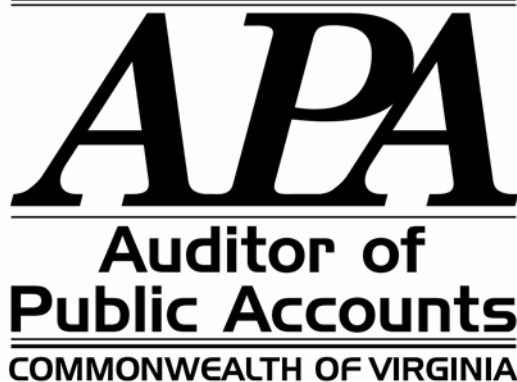
SUPREME COURT OFFICIALS

The Honorable Leroy Rountree Hassell, Sr.
Chief Justice of the Supreme Court of Virginia

The Honorable Karl Hade
Executive Secretary
Office of the Executive Secretary of the Supreme Court of Virginia

**VIRGINIA GENERAL DISTRICT COURTS
STATEWIDE REPORT**

**REPORT ON AUDITS
DURING THE PERIOD
JULY 1, 2005 THROUGH JUNE 30, 2006**



AUDIT SUMMARY

In our audits of the District Courts completed in our 2006 work plan and covering fiscal period July 1, 2005 through June 30, 2006, we identified the following finding we consider a statewide issue that are common to several district courts.

- Properly Assess and Record Court Fees and Costs

Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or providing training to help specific courts improve. In addition, the Executive Secretary should consider including these issues when conducting statewide training for all district courts.

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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

December 8, 2006

The Honorable Tim Kaine
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We are pleased to submit our statewide report on the Virginia District Court System. This report represents the results of audits conducted in our 2005 work plan and cover fiscal period July 1, 2005 through June 30, 2006. The Supreme Court operates the District Court System subject to the Chief Justice of the Supreme Court's administrative supervision. The Virginia District Court System includes all General District Courts, Juvenile and Domestic Relations District Courts, and Combined District Courts in the Commonwealth of Virginia.

Our audits determined whether court officials have maintained accountability over collections, established internal controls, and complied with state laws and regulations. We used a risk-based audit approach for district courts that assesses risk for each individual court to determine the amount of testing we would perform. There are a total of 195 district courts in the Commonwealth. Three localities have General District Courts with multiple divisions for which we issue separate reports. We had findings in three of the 157 district courts audited during the period.

This report summarizes the findings from our audits we consider statewide issues that were common to several district courts. Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or provide training to help these offices improve. In addition, the Executive Secretary of the Supreme Court periodically holds training for all district courts and should consider emphasizing these matters during future training sessions.

- Properly Assess and Record Court Fees and Costs

We have included a further discussion of these statewide findings in the "Statewide Internal Control and Compliance Issues" section of this report.

This report is intended for the information of the Governor and General Assembly, court management, and the citizens of the Commonwealth of Virginia and is a public record. We have previously discussed the findings contained in this report with court management at the completion of our individual clerk's office audits during the period.

A handwritten signature in black ink, appearing to read "Walter J. Kucharski".

AUDITOR OF PUBLIC ACCOUNTS

MMT:jab
jab:29

STATEWIDE INTERNAL CONTROL AND COMPLIANCE ISSUES

We identified the following finding we consider a statewide issue common to several district courts.

Properly Assess Court Fees and Costs

Some clerks do not properly assess fees and costs in accordance with the Code of Virginia. We found the Clerks failed to assess costs on cases appealed to the Circuit Court as required by Section 19.2-336 of the Code of Virginia. This resulted in loss of revenue because the Circuit Court could not collect the fines and costs involved with these cases. Clerks should be more diligent in assessing and collecting fees and costs to ensure compliance with state law. We noted improper assessing of fees or costs at the following District Court Clerk offices:

Arlington Juvenile and Domestic Relations Court
Buckingham Combined District Court
Cumberland Combined District Court

COMMITTEE ON DISTRICT COURTS

The Honorable Leroy Rountree Hassell, Sr., Chief Justice, Supreme Court of Virginia, Chairman

The Honorable H. Thomas Padrick, Jr., Judge, Second Judicial Circuit, Vice Chairman

The Honorable Nolan B. Dawkins, Judge, Eighteenth Judicial District

The Honorable R. Larry Lewis, Judge, Thirtieth Judicial District

The Honorable Wenda K. Travers, Judge, Thirty-first Judicial District

The Honorable Philip Trompeter, Judge, Twenty-third Judicial District

The Honorable Kenneth W. Stolle, Member, Senate of Virginia

The Honorable Henry L. Marsh III, Member, Senate of Virginia

The Honorable Ryan T. McDougale, Member, Senate of Virginia

The Honorable Frederick M. Quayle, Member, Senate of Virginia

The Honorable Walter A. Stosch, Member, Senate of Virginia

The Honorable William J. Howell, Speaker, Virginia House of Delegates

The Honorable David B. Albo, Member, Virginia House of Delegates

The Honorable Kenneth R. Melvin, Member, Virginia House of Delegates

OFFICIALS

The Honorable Karl Hade

Executive Secretary

Office of the Executive Secretary of the Supreme Court of Virginia

APPENDIX 1
DISTRICT COURT AUDITS

This Appendix is a listing of those General District, Juvenile and Domestic Relations, and Combined General District Courts that we audited during our fiscal 2006 work plan for the period ended June 30, 2006.

General District Courts	Juvenile and Domestic Relations Courts	Combined General District Courts
Accomack County	Albemarle County	Alleghany County
Albemarle County	City of Alexandria	Amelia County
City of Alexandria	Arlington County*	Bath County
Bedford County	Bedford County	Bland County
City of Bristol	Caroline County	Botetourt County
Caroline County	Charlotte County	Brunswick County
Charlotte County*	City of Chesapeake	Buchanan County
City of Charlottesville	Chesterfield County	Buckingham County*
Chesterfield County*	Clarke County	City of Buena Vista
Clarke County*	Fairfax County	Carroll County
City of Fairfax	Franklin County	Craig County
Fauquier County	Frederick County	Culpepper County
Franklin County	City of Fredericksburg	Cumberland County*
Frederick County	Gloucester County	Dickenson County
City of Fredericksburg	City of Hampton	City of Emporia
Halifax County	Henrico County	Essex County
Hanover County	Henry County	City of Falls Church
City of Hampton	Isle of Wight	Floyd County
Henrico County	King and Queen County	City of Galax
Henry County	King William County	Giles County
James City/Williamsburg	Lancaster County	Grayson County
King & Queen County	Loudoun County*	Greene County
King William County	City of Lynchburg	City of Hopewell
Loudoun County	City of Martinsville	King George County
City of Lynchburg	Mathews County	Lee County
City of Martinsville	Mecklenburg County	Louisa County
Mathews County	Middlesex County	Lunenburg County
Mecklenburg County	Montgomery County	Nottoway County
Middlesex County	New Kent County	Orange County
Montgomery County – Christiansburg	City of Newport News	Powhatan County
Nelson County	City of Norfolk	Prince Edward County
City of Newport News Civil Division	Northampton County	Prince George County*
City of Newport News Criminal Division	Northumberland County	City of Radford
City of Newport News – Traffic Division	Page County	Rockbridge County
Northampton County	Patrick County	Russell County
Northumberland County	City of Petersburg	Scott County
Page County	Pittsylvania County	Shenandoah County
Patrick County	City of Portsmouth	Surry County
City of Petersburg	Pulaski County	Sussex County

* Denotes audit with one or more findings

APPENDIX 1
DISTRICT COURT AUDITS

General District Courts (continued)	Juvenile and Domestic Relations Courts (continued)
City of Portsmouth	City of Richmond
Prince William County*	City of Roanoke
Pulaski County	Roanoke County
City of Richmond Civil Division	Rockingham County
City of Richmond Traffic Division	Smyth County
City of Richmond Manchester	Spotsylvania County
City of Roanoke	Stafford County
Roanoke County	City of Staunton
Smyth County	City of Suffolk
Spotsylvania County	Tazewell County
Stafford County	City of Virginia Beach
City of Staunton	Warren County
City of Suffolk	Washington County
Tazewell County	City of Waynesboro
City of Virginia Beach	Westmoreland County
Warren County	City of Winchester
Washington County*	Wise County/Norton
Westmoreland County	York County
Wise and Norton County	
City of Winchester	
Wythe County	
York County	

* Denotes audit with one or more findings

