

COUNTY OF FAIRFAX, VIRGINIA

AGREED-UPON PROCEDURES

For the Year Ended June 30, 2016

*And Report of Independent Accountant
on Applying Agreed-Upon Procedures*

Report of Independent Accountant on Applying Agreed-Upon Procedures

Clerk of the Fairfax Circuit Court
Fairfax, Virginia

The Board of Supervisors of the
County of Fairfax, Virginia

Compensation Board of the
Commonwealth of Virginia

The Auditor of Public Accounts of the
Commonwealth of Virginia:

We have performed the procedures enumerated below, which were agreed to by the County of Fairfax, Virginia (the "County"), and the Commonwealth of Virginia's Auditor of Public Accounts (the "APA"), solely to assist the Clerk of the Fairfax Circuit Court (the "Clerk"), the Compensation Board of the Commonwealth of Virginia, and the APA in evaluating the County's compliance with the requirements of Chapter 6, Audit of Circuit Court Clerks specified in the APA's *Specifications for Audits of Counties, Cities, and Towns*, for the year ended June 30, 2016. The Clerk is responsible for maintaining effective internal controls over compliance. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. Develop an understanding of the Internal Control procedures as they relate to all daily, weekly, and monthly required financial procedures.

Results: We developed an understand of the internal control procedures over compliance as they relate to all daily, weekly, and monthly required financial procedures through interviews with management and by performing walkthroughs over the procedures. During our walkthroughs, in addition to the access security controls over the automated systems used by the Clerk, we noted the Clerk typically performs internal control procedures related to the cash receipts, disbursements, and accounts receivable processes. Procedures performed with the exception in internal control as noted in procedure 10 detailed herein.

2. Review the *General Ledger Report (BR29)* for the audit end date for unusual account codes, activity, or negative ending balances. Determine the need for any additional analytical reviews.

Results: We obtained and reviewed the BR29 report for the period ended June 30, 2016 and did not note any unusual account codes, activity or negative ending balances. No exceptions noted.

3. Determine all the automated systems used by the Clerk and ensure the Clerk has developed and maintains adequate control and security over the Court's automated information systems. Consider security for internal access to systems including financial, case management, imaging, recording, and indexing. Also, consider security over external access to records using Secure Remote Access (SRA) and Officers of the Court Remote Access (OCRA).

Results: During our testing of automated systems, we noted the Clerk's office uses Full Court Enterprise (FCE) as its main automated system used for financial, case management, imaging, recording, and indexing. FCE does not interface with the Commonwealth of Virginia's (the "Commonwealth") reporting system, Financial Management System (FMS), which requires a manual interface and batch updates to process information from FCE to FMS. Per discussion with management, access to FMS is provided by the Supreme Court of Virginia and that employee access to FCE is requested and provided on an as-needed basis. We further noted that access to both of these systems is password protected. We selected a sample of one (1) for each system to test the control over password protected access and noted no exceptions.

4. Per the Specifications, "Test the *Interface Reports (IN05 and INJ5)*, specifically the 'Interface Case Not Found' and 'DMV Interface Exceptions' sections. Review these report sections for the end of the month in which the audit period ends and determine whether the Clerk is properly monitoring them and taking corrective action as needed."

Results: Management represented that there is no interface between the Clerk's system, FCE, and the Commonwealth's system, FMS; thus, this procedure was not performed.

5. Per the Specifications, "Test the Missed Payments Section of the *Individual Account Status Report (BU06)*. For those Clerks without the optional Time to Pay (TTP) default feature, select a sample of cases from report for the end of the month in which the audit period ends and determine if the Clerk is properly monitoring the report and taking corrective action."

Results: Per discussion with management, as the Clerk's accounting department uses FCE for case management, a similar feature (*Overdue Process*) exists within FCE, which notifies management of when a defendant's TTP date has passed. We gained access to FCE and verified this default feature exists. No exceptions noted.

6. Per the Specifications, "Using the *Concluded Cases without FMS Receivable Report (CR32)*, test the guilty cases without corresponding FMS receivable accounts. Select a sample of cases concentrating on cases other than those identified as master or sub-accounts. Review the reason the CMS case does not have a corresponding receivable account in FMS and determine the propriety."

Results: Management represented that since the Clerk's accounting department uses FCE for case management, the CR32 report does not exist and a similar report is not available in FCE; thus, the procedure was not performed.

7. Per the Specifications, "Determine that the Clerk is using the Department of Taxation's Integrated Revenue Management System (IRMS) for Setoff Debt Collections. All certified staff should be able to log on with an active password and there should be financial activity in FMS Account 405 (TSO Collections). Request the Clerk provide the year-to-date statistical report for the audit period. Determine the propriety of any defaults noted."

Results: We noted that the Clerk is using the Virginia Department of Taxation's Integrated Revenue Management System (IRMS) for debt collections. We selected a sample of one (1) for each system to test the control over password protected access and noted no exceptions.

Additionally, we obtained the "Statistical Year to Date 30 Day Delinquent Report for fiscal year 2016", prepared by management, and selected a sample of ten (10) accounts to determine the propriety of the default account by scanning the payments made to date and the total amount of the delinquent report. We obtained access to FCE and verified selected default accounts were reported to collections and properly included in the delinquent report. No exceptions noted.

8. Per the Specifications, “Determine the method of collection for delinquent accounts (Section §19.2-349 of the *Code of Virginia*). If the Virginia Department of Taxation or Commonwealth’s Attorney in-house collection is used, no further work is necessary.”

Results: Management represented that the Clerk uses the Virginia Department of Taxation for collection of delinquent accounts; thus, no further procedures were performed.

9. Per the Specifications, “Identify all banks used by the Clerk and determine if they are listed on the most recent qualified depository listing maintained by the Virginia Department of the Treasury pursuant to The Virginia Security for Public Deposits Act (Section §2.2-1815 of the *Code of Virginia*).”

Results: We obtained a listing of banks used by the Clerk’s office and noted all banks were listed on the qualified depository listing maintained by the Virginia Department of the Treasury.

10. Per the Specifications, “Ensure all of the Clerk’s checking accounts are properly reconciled as of the audit end date. Test the reconciliation for accuracy and completeness.”

Results: We obtained and reviewed the bank reconciliations for the Civil, Condemnation Trust, and Infant Settlement Trust bank accounts for the months of November 2015 and June 2016 noting all accounts were properly reconciled. However, we noted no evidence of review of the November 2015 bank reconciliation for the Civil bank account, which we consider to be a reportable control exception.

11. Per the Specifications, “Perform an unscheduled cash count of the Clerk’s change fund.”

Results: We performed an unscheduled cash count on June 30, 2016 of the following funds noting no exceptions:

Department	Amount
Accounting	\$1,450
Public Service	\$600
Criminal	\$600
Land Records	\$550
Civil Case Process	\$200

12. Per the Specifications, “Select a sample of days to test as follows:

- a. Agree the computed revenue amount per the Cash Reconciliation Worksheet section of the *Daily Report (BR02)* to the deposit per the bank statement noting the deposit was intact and timely. (Section §17.1-271 of the *Code of Virginia*)
- b. Verify whether the Clerk and/or other assigned supervisory personnel signed the *Cover Sheet – Daily Report (BR02)*.
- c. For any days with differences between the original amount and the deposit amount, determine if the correcting journal voucher(s) was supported by proper documentation, performed correctly, and properly recorded on the Cash Reconciliation Worksheet section of the *BR02*.
- d. If the difference is the result of a voided receipt, ensure all copies of the receipt were retained.”

Results: We selected a sample of ten (10) days in which reconciliations were performed to determine whether the reconciliation cover sheet was signed by the Clerk or assigned supervisory personnel and that the cash reconciliation worksheet agreed to the deposit per the bank statement. No exceptions noted.

13. Per the Specifications, using the month-end journal voucher summary reports (*Journal Voucher Report BR40*), select a sample of voided receipts and test as follows:
 - a. Agree the computed revenue amount per the Cash Reconciliation Worksheet section of the *Daily Report (BR02)* to the deposit per the bank statement noting the deposit was intact and timely. (Section §17.1-271 of the *Code of Virginia*)
 - b. Verify whether the Clerk and/or other assigned supervisory personnel signed the *Cover Sheet-Daily Report (BR02)*.
 - c. Determine if the journal voucher was supported by proper documentation, performed correctly, and properly recorded on the Cash Reconciliation Worksheet section of the *BR02*.
 - d. All copies of the receipt were retained.”

Results: We noted there were over 350 voided receipts during the year. We selected a sample of ten (10) voided receipts during the year totaling \$1,473.33 and obtained support for each void noting all voids were properly supported and the adjustments were reconciled to ensure agreement to the bank statement. No exceptions noted.

14. Per the Specifications, “Review the *General Ledger Fiscal Year-to-Date Report (BR-29)* for the audit period noting if activity existed in the Account 411 Cash Over/Short. Based on the activity and any trends noted in the account, determine whether selecting a sample of transactions is necessary. If needed, select a sample and test individual transactions for propriety.”

Results: From the “FY16 Transaction Detail for Account 411 Cash Over/Short” report, we selected a sample of five (5) transactions and obtained support to determine whether the transactions were accurate and properly classified. No exceptions noted

15. Per the Specifications, “Using the month-end *Disbursement Register Report (BR41)*, select a sample of disbursements and test as follows:
 - a. The disbursement is coded to the proper account.
 - b. The disbursement is supported by proper documentation and appropriate procedures (case papers, transmittal).
 - c. If Clerk uses a manual check-writing system, the disbursement was recorded in FMS timely.”

Also, “Review disbursements made from accounts 415 Secure Remote Access and 416 Officer of the Court Access. Determine propriety in accordance with Section §17.1-276 of the *Code of Virginia*.”

Results: We selected a sample of ten (10) disbursements from the “Disbursement Register Report” as of June 30, 2016 noting that all disbursements were coded to the proper account based on supporting documentation. Per discussion with management, we noted that the Clerk does not use a manual check-writing system. No exceptions noted.

We also obtained a listing of disbursements made from the substitute accounts for 415 Secure Remote Access and 416 Officer of the Court Access (accounts 246 and 247) and selected a sample of five (5) disbursements and verified that the transactions were appropriately coded and processed in accordance with Section 17.1-276 of the *Code of Virginia*. No exceptions noted.

16. Per the Specifications, “Evaluate the overall security and use of manual receipts to include:
 - a. Determine the adequacy of security over the unused manual receipts.
 - b. Determine the adequacy of supervisory review of manual receipts.

Select a sample of manual receipts and test as follows:

- c. Trace to subsequent entry in FMS and ensure entry agrees to the manual receipt (Section §19.2-360 of the *Code of Virginia*).
- d. Ensure receipt is entered no later than the next business day.”

Results: We obtained and inspected the Manual Receipts procedure manual for civil and criminal transactions noting that unused manual receipts are maintained by the supervisor/manager in the respective department. Per observation, all unused manual receipts are locked in a drawer with limited access by supervisors/managers. We selected all manual receipts issued by the civil and criminal divisions during fiscal year 2016 representing three (3) manual receipts for the civil division (receipt # 112, 113, and 114) and one (1) manual receipt for the criminal division (receipt #36) and verified that all receipts were entered into FCE within the next business day and also reflected in FMS through the FMS daily collections entering process.

17. Per the Specifications, "Select a sample of civil cases filed during the audit period and determine whether:
- a. State taxes and fees were properly assessed and collected as required by Sections §58.1-1727 through 1729 of the *Code of Virginia*.
 - b. Clerk's fees were properly assessed and collected as required by Sections §17.1-275A.13 and 13a of the *Code of Virginia*.
 - c. Specific fund and local fees were properly assessed and collected."

Results: We obtained the listing of all civil cases filed during fiscal year 2016 and selected a sample of ten (10) cases noting that all fees were properly assessed and collected as required by the respective section of the *Code of Virginia*. No exceptions noted.

18. Per the Specifications, "Select a sample of criminal cases concluded with dispositions of guilty during the audit period and test each case as follows:
- a. Fines and costs were properly assessed and entered into FMS.
 - b. Unpaid amounts were entered into the Judgment Docket. (Section §8.01-446 of the *Code of Virginia*)
 - c. The due date was properly calculated. (Section §19.2-354 of the *Code of Virginia*)
 - d. If a partial payment plan was set up, all applicable fields were properly completed in FMS (e.g. TTP Start, Term, Amount, and Incarcerated status).

Select a sample of local cases from the *Court Appointed/Public Defender Report (CR42)* and test as follows.

- e. Locality was billed for the cost (Section §19.2-163 of the *Code of Virginia*).
- f. Defendant was properly assessed for the Attorney fees.
- g. Fine was properly assessed. (Section §19.2-340 of the *Code of Virginia*)."

Results: We obtained the listing of criminal cases filed during fiscal year 2016 and selected a sample of ten (10) criminal cases and ten (10) Court-appointed cases noting that all costs and fees were properly calculated and assessed in accordance with the *Code of Virginia* by per the case files, Court orders, judgments and other supporting documentation. No exceptions noted.

19. Per the Specifications, "Select a sample of deeds / land records recorded during the audit period and test that the:
- a. Instrument recorded is not taxable or is exempt from taxes (Section §58.1-811 of the *Code of Virginia*).
 - b. State taxes have been properly assessed and collected based on the consideration paid of the property conveyed (Section §58.1-801 of the *Code of Virginia*).
 - c. Local taxes (where applicable) have been properly assessed and collected in an amount equal to one-third of the amount of state recordation tax (Section §58.1-814 of the *Code of Virginia*).
 - d. Additional tax has been properly assessed and collected on deeds of conveyance based on consideration (Section §58.1-802 of the *Code of Virginia*).
 - e. Clerk's fees for recording, indexing, and plat fees were properly charged and collected (Section §17.1-275A (2) of the *Code of Virginia*).
 - f. Fees for transferring land to one person or persons before charged to another were properly assessed and collected (Section §58.1-3314(3) of the *Code of Virginia*)."

Results: We obtained the listing of deeds recorded in fiscal year 2016 and selected a sample of ten (10) deeds noting that all required state and local taxes were properly calculated and assessed. Additionally, we also noted that all applicable clerk and land transferring fees were properly recorded and assessed. No exceptions noted.

20. Per the Specifications, "Select a sample of wills / administrations recorded during the audit period and test as follows:
- a. State tax was assessed and collected based on the value of the estate (Section §58.1-1712 of the *Code of Virginia*).
 - b. Local tax (where applicable) was assessed and collected based on the value of the estate (Section §58.1-1718 of the *Code of Virginia*).
 - c. Clerk's fees were assessed and collected:
 - i. For recording and indexing in the Will Book based on the number of pages recorded (Section §17.1-275A (2) of the *Code of Virginia*).
 - ii. For appointing and qualifying any personal representative, committee or other fiduciary (Section §17.1-275A (3) of the *Code of Virginia*). No one shall be permitted to qualify and act as an executor or administrator until the tax imposed by Section §58.1-1712 of the *Code of Virginia* has been paid (Section §58.1-1715 of the *Code of Virginia*). Ensure that fees were receipted at the time of qualification, not after. (NOTE: Banks are exempt from paying the probate taxes and Clerk's fees before qualifying, Section §6.2-1003 of the *Code of Virginia*.)
 - d. For transferring land to one person or persons before charged to the decedent (Section §58.1-3314(3) of the *Code of Virginia*).
 - e. Determine if a final inventory was required: If so, review the inventory and determine if additional probate tax is due (Section §58.1-1717 of the *Code of Virginia*)."

Results: We obtained a listing of wills recorded during fiscal year 2016 and selected a sample of ten (10) wills noting that all state and local taxes and fees were properly assessed, receipted at the time of qualification and recorded. We also noted that if a final inventory was required, all appropriate taxes were assessed. No exceptions noted.

21. Per the Specifications, "Determine if the balances of state and local revenues on hand at audit end date were properly disbursed to the State and Local Treasurers. (Sections §16.1-69.48 (A) and (B) and 17.1-286 of the *Code of Virginia*)."

Results: We obtained the "Balance of State and Local Revenues on Hand as of June 30, 2016" and verified that revenues were properly remitted to the appropriate state and local agencies. We also agreed the remittance amount to the BB&T wire confirmation. We noted that all revenue accounts had a balance of zero as of June 30, 2016. No exceptions noted.

22. Per the Specifications, "Using the audit period end date Liabilities Index (BR008) report, select a sample from each 5XX series (excluding Account 511 Trust Funds). Determine the status of the account and whether the Clerk is justified holding the funds based on approved court orders, established retention requirements, pending case (future court date assigned), or other special circumstances. For any of the above funds the Clerk has invested, select a sample of these accounts for the audit period end date; trace and agree to the applicable bank statement."

Results: We selected a sample of ten (10) liabilities from each of the accounts with balances as of June 30, 2016 and reviewed appropriate support to verify that the Clerk was justified in holding the funds. No exceptions noted. Additionally, we noted no funds were invested.

23. Per the Specifications, "Using the audit period end date Individual Account Status Report (BU06), investigate the reason for any accounts listed as credit balances, sum uncertain restitution, or accounts under review. Determine whether the Clerk is properly monitoring the report and taking corrective action as needed."

Results: We obtained the "Individual State Report (BU06)" noting that there were no accounts with credit balances or accounts under review as of June 30, 2016. No exceptions noted.

24. Per the Specifications, "Review three monthly remittances of Sheriff's fees to the local Treasurer and determine if the fees are remitted within the first ten days of the month. (Section § 15.2-1609.3 of the *Code of Virginia*)."

Results: We selected three (3) monthly remittances of Sheriff's fees noting they were remitted within the first ten (10) days of the month. No exceptions noted.

25. Using the June 30th "Property Unclaimed Over One Year Report (BR16) and the Clerk's corresponding Unclaimed Property Report, select those accounts from the BR16, which were not reported to the Division of Unclaimed Property. Determine whether the Clerk is justified in holding these accounts based on court order, established retention requirements, pending case (future court date assigned) or other special circumstances."

Results: We obtained the June 30, 2016 "Unclaimed Property Report" prepared by management and selected a sample of ten (10) civil accounts and five (5) criminal accounts and verified that the Clerk was justified in holding the account based on a Court order, established retention, pending case status, or other circumstances. No exceptions noted.

26. Per the Specifications, "Using the June 30th Property Unclaimed Over One Year Report (BR16), the Liabilities Index (BR08) and Individual Account Status (BU06) reports and the Clerk's corresponding Unclaimed Restitution Report, determine that all appropriate restitution accounts have been properly escheated to the Criminal Injuries Compensation Fund (Section §19.2-305.1 (F) of the *Code of Virginia*)."

Results: Per discussion with management, we noted that unclaimed property and restitution gets escheated to either the Department of Treasury's Division of Unclaimed Properties or the Criminal Injuries Compensation Fund, respectively. We noted that unclaimed property and restitution have to be in the Clerk's control for more than one year and there has to be no claim of the fund by the rightful owner. We obtained all escheated reports sent to the Department of Treasury's Division of Unclaimed Property or the Criminal Injuries Compensation Fund noting that the appropriate unclaimed property and/or unclaimed property restitution accounts were all properly escheated. No exceptions noted.

27. Per the Specifications, "Determine the following for the Trust Fund Annual Report filed during the audit period:

- a. Ensure Annual Report is available to the public via hardcopy Trust Fund Order Book or digital format. (Section §8.01-600(G) and §17.1-125 of the *Code of Virginia*).
- b. Determine the Clerk filed the Annual Report with the Chief Judge by the Oct 1st deadline (Section §8.01-600 (G) of the *Code of Virginia*).
- c. Agree the Annual Report balance to the FMS 9XX accounts where the funds are recorded and Account 511 Trust Funds balance. Investigate any negative ending balances in any of the 9XX series accounts.
- d. Agree the Annual Report ending balance to applicable bank statement balance(s). If this does not agree, then select a sample of individual accounts from the Annual Report and agree the system balance to the bank balance.
- e. Determine whether the Annual Report conforms to Section §8.01-600 (G) of the *Code of Virginia*.
- f. Determine propriety of inactivity in individual accounts – i.e. a lack of interest postings."

Result: Per discussion with management, we noted the Annual Report is available to the public through the Clerk's accounting department in a physical format. We obtained the FY16 Annual Report noting that John Frey, Clerk of Court, filed the Annual Report on July 22, 2016 with Chief Judge, Bruce White, and that the report referenced Section §8.01-600 of the *Code of Virginia*. We obtained the Annual Report from FMS noting that all transactions are coded to the 511 Trust Funds account. We also noted that all transactions are coded to the 909 bank account (Infant Settlement Trusts). We noted no negative ending balances. No exceptions noted.

We agreed the Annual Report to the respective bank statement as of June 30, 2016 noting reconciling items of \$66,771. We reviewed Section §8.01-600 (G) of the *Code of Virginia* and deem that the Annual Report conforms to the *Code of Virginia* and that all individual accounts were properly included. No exceptions noted.

28. Per the Specifications, "Using the Annual Report, select a sample of new accounts. Determine whether:
- a. The receipt contained all pertinent information.
 - b. The receipt amount agreed to the court order.
 - c. The court order is included in the Order Book (hardcopy or electronic) and does not contain confidential information.
 - d. Appropriate Clerk's fees were deducted.
 - e. Funds were invested within 60 days of receipt (Section §8.01-600 (F) of the *Code of Virginia*).
 - f. The Clerk is justified in holding the account and if the account is being held pursuant to Section §8.01-600 of the *Code of Virginia*."

Results: We selected a sample of ten (10) trust fund receipts during the fiscal year ended June 30, 2016 and agreed the receipt amount to the court order and determined whether all pertinent information was included on each receipt. To satisfy the attributes per the Specifications, we obtained the related case file, court order, receipt, and bank statement showing deposit within 60 days into an interest bearing account. However, we noted one (1) sample item where the amount receipted was \$24.99 approximately \$25 less than the amount in the court order. Exception noted.

29. Per the Specifications, "Select a sample of interest posting journal vouchers. Determine whether:
- a. The journal voucher was supported by proper documentation (bank statement, interest notification or other official bank documentation).
 - b. Interest was posted promptly.
 - c. The correct amount of interest was posted to the account. (If the Clerk consolidates funds, recalculate the interest allocation.)
 - d. If the Clerk assesses Clerk's fees, appropriate fees were deducted.
 - e. The Clerk is justified in holding the account and if the account is being held pursuant to Section §8.01-600 of the *Code of Virginia*."

Results: We selected a sample of ten (10) trust fund interest postings and reviewed supporting documentation and determined that the Clerk was justified in holding the account per the court order. We obtained the weekly interest postings and agreed them to the related bank statement. Lastly, we obtained support from FMS and FCE and determined that the interest was posted promptly. No exceptions noted.

30. Per the Specifications, "Select a sample of disbursements. Determine whether:
- a. The disbursement agrees to the court Order.
 - b. The check was posted to the proper subsidiary trust fund account.
 - c. Appropriate Clerk's fees were deducted.
 - d. Deducted fees agree to the journal voucher recording the deduction.
 - e. Funds were paid out within 60 days of the court order (Section §8.01-600(F) of the *Code of Virginia*).
 - f. Disbursement was recorded promptly in FMS."

Results: We selected a sample of ten (10) trust fund disbursements during the fiscal year ended June 30, 2016 and agreed all disbursements to the court order and noted that the check was posted to the proper subsidiary trust fund account. To satisfy the attributes per the Specifications, we reviewed the related case file, court order, disbursement receipt, and bank statement showing disbursement within 60 days from interest bearing account and noted no exceptions.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Fairfax County, Virginia Board of Supervisors, the management of the County, the Clerk of the Fairfax Circuit Court and the Auditor of Public Accounts of the Commonwealth of Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Bekart LLP

Tysons Corner, Virginia
March 23, 2017