



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

July 29, 2003

The Honorable Louis K. Campbell
Chief Judge
County of Alleghany General District Court
P O Box 205
Fincastle, VA 24090-0205

The Honorable Dudley J. Emick, Jr.
Chief Judge
County of Alleghany Juvenile and
Domestic Relations District Court
P O Box 205
Fincastle, VA 24090-0205

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Alleghany District Court for the period November 1, 2001 through March 31, 2003.

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. However, we noted a weakness in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Strengthen Cash Receipting Accountability

In October 2001, the Court reported to us three separate incidents where the Clerk's daily collections were each short by \$100. Subsequent investigations by this office and law enforcement could not determine if someone within the Court was responsible for the loss, because the Clerk's procedures allow all employees to use the same cash drawer when receipting collections. During this year's audit we noted additional cash shortages totaling \$91 in January and February 2003 that the Clerk determined to be receipting errors.

As previously reported, the Clerk does not have adequate cash drawer accountability to determine whether Court staff may be responsible for any cash shortages. We again recommend that the Clerk contact the Supreme Court of Virginia for guidance on establishing cash drawers for each employee. We encourage her to establish and implement new procedures as quickly as possible. Proper staff accountability of cash reduces the risk of errors and misappropriation of funds and may increase the potential for recovery of funds.

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Review Accounting Records

The Clerk does not consistently review the Court's daily accounting records. In four of fifteen days tested, the Clerk did not review and sign the daily report of transactions. A supervisory review of daily accounting transactions is essential for detecting errors and irregularities. The Clerk should consistently review the Court's daily accounting records to provide an essential internal control.

We discussed these comments with the Clerk on July 29, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable J. Gregory Mooney, Judge
Susan S. Hutchison, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia