



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 23, 2001

The Honorable Judy F. Snider
Clerk of the Circuit Court
City of Buena Vista

City Council
City of Buena Vista

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Buena Vista for the period October 1, 1999 through December 31, 2000.

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 weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Improve Financial Management

The Clerk does not have sufficient knowledge of the court's financial management system. This lack of knowledge contributed to numerous errors in preparing journal vouchers and receipting bonds and trust funds. We found the following:

- Approximately 15 journal vouchers that attempted to correct an original entry. These attempts to correct this entry resulted in the understatement of miscellaneous Clerk's fees and the overstatement of restitution by \$200. The Clerk paid this erroneous restitution balance to the victim. The Clerk subsequently collected the \$200.
- Numerous \$0 journal vouchers resulting from the Clerk improperly completing journal voucher transactions.

- Adjustments to incorrect account codes resulting in erroneous reporting of account balances and improperly posting interest on trust fund and condemnation accounts.
- Improperly receipting bonds and trust funds using the General Miscellaneous receipts account resulting in difficulties matching bonds and trust funds to the proper individual accounts and additional journal vouchers to reclassify balances to the proper accounts.

The Clerk should seek additional training to improve her understanding of court operations and financial management. It is ultimately the responsibility of the Clerk to ensure that she and her staff receive the proper training needed to perform the duties of managing court operations effectively and efficiently.

Improve Trust Fund Management

The Clerk failed to post interest earned on trust funds promptly and failed to record a trust fund cashier's check in the accounting system. Also the Clerk failed to file an annual report of money under control of the court that meets the requirements of Section 8.01-600 of the Code of Virginia. Details are as follows:

- The report does not include approximately \$20,000 in interest earned that the Clerk failed to post to individual accounts.
- The report does not include the manner in which the funds are invested or the approximate date on which the monies shall be payable to the beneficiaries.
- An account disbursed in November 1999 remains listed as a liability as of March 2001. The Clerk requested the bank issue a cashier's check to the beneficiary but failed to record the cashier's check in the accounting system.

The Clerk should promptly record all trust fund transactions including interest in the accounting system and reconcile the recorded transactions to the bank statements. The Clerk should refer to the specific accounting, record-keeping, and reporting procedures outlined in The Trust Fund Administration Manual and ensure that the annual report contains all required information.

Properly Report Unclaimed Properties

The Clerk failed to file an Unclaimed Property report by November 1 as required by Section 55-210.12 of the Code of Virginia. The Clerk submitted a report for \$0 on December 31 but should have reported \$175. The Clerk should file an accurate Unclaimed Property report by the due date.

We discussed these comments with the Clerk on March 28, 2001 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:twh

cc: The Honorable Duncan M. Byrd, Jr., Chief Judge
Scott Dadson, City Manager
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
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TO: Judy F. Snider, Clerk of the Circuit Court

Clerk Fax Number – 540-261-2142 Clerk Phone Number - 540-261-8627

FROM:

DATE: Tuesday, May 29, 2001 TIME: 2:00 PM

Number of pages including cover page:

CONFIDENTIAL FOR: Judy F. Snider, Clerk

MESSAGE: Enclosed is a **DRAFT COPY** of our audit report. We previously discussed these findings with you during the audit. We are providing this draft copy to afford you an additional opportunity to comment before we finalize the report.

It is important that you call ----- at (804)-225-3350 when you receive this draft for a discussion of our findings. We will issue the final report shortly after hearing from you.