

January 18, 2001

Annie L. Williams
Clerk of the Circuit Court
County of Dinwiddie

Board of Supervisors
County of Dinwiddie

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Dinwiddie for the period July 1, 1998 through June 30, 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.

Promptly Docket and Index Judgments

The Clerk does not consistently enter all unpaid fines and costs in the Judgment Lien Docket as required by Section 8.01-446 of the Code of Virginia. In six of 15 unpaid cases tested, the Clerk entered the judgment up to 24 days after the trial date rather than immediately after case conclusion. The Judgment Lien Docket is an important tool for the collection of fines and costs. The Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket and use all available remedies to collect fines and costs.

Properly Reconcile Bank Account

The Clerk continues to have problems reconciling the bank account monthly. Proper bank reconciliations include promptly identifying and resolving differences between the bank and automated accounting system balances. We reconciled the Clerk's bank account and found errors left unresolved since February 2000. The Clerk should reconcile the bank account monthly, and identify and prepare adjustments for all reconciling items. When the Clerk cannot reconcile the bank account, the Clerk should immediately seek assistance from the Supreme Court. The Clerk should seek training for the bookkeeper to increase her knowledge and understanding of accepted accounting practices and the court's automated systems. It is essential from this point forward

that the Clerk review all of the bookkeeper's work to determine that she follows accepted accounting practices, performs the work timely, and regularly resolves all differences.

Properly Monitor the DMV Exceptions Report

The Clerk is not adequately monitoring DMV Exceptions Reports. The Clerk is not consistently reviewing these reports to identify accounts that need corrective action. As a result, three of eight appealed cases tested eligible for license suspension remained unreported for up to three years after the report date. Receivables totaling \$5,194 remain unpaid with no collection effort. These cases were corrected in the system before completion of fieldwork and collection efforts have begun. The Clerk should monitor all of the accounts listed on DMV Exception Reports and ensure that the court is reporting appropriate cases to DMV timely.

Properly Approve Voided Receipts

The Clerk does not properly approve all voided receipts. Per the Financial Management Systems Users Guide, the appropriate supervisor must initial the voided receipt to denote approval. Since in this court, the Clerk's staff can also void receipts, it is imperative the Clerk review and approve these voids. Proper review and approval of all voided receipts greatly reduces the risk of fraud and misappropriation of funds.

Consistently Review Daily Accounting Review

The Clerk does not consistently review the court's daily accounting records. Absence of supervisory review could lead to errors and irregularities going undetected. In all days tested, the Cash Reconciliation Worksheet was not completed. Completion of the worksheet ensures daily receipts reconcile to collections. Further, in ten percent of days tested, the Clerk failed to sign the Daily Report Cover Sheet. The Clerk should regularly review the Court's daily accounting records to provide essential internal control. This review is critical in the processing of daily transactions to avoid errors, fraud and misappropriation of funds.

We discussed these comments with the Clerk on January 23, 2001 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Oliver A. Pollard, Jr., Chief Judge
R. Martin Long, 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