

March 1, 2002

The Honorable Thomas R. Williams
Clerk of the Circuit Court
County of Charles City

Board of Supervisors
County of Charles City

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Charles City for the period January 1, 2001 through December 31, 2001.

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

Continue to Improve Knowledge of Accounting Procedures and System

While this audit shows some improvement, the Clerk continues to demonstrate a lack of knowledge in the use of proper accounting procedures and the Court's automated accounting system. Specifically, we found the following conditions:

- The Clerk does not properly document due date changes as required by Section 19.2-354 of the Code of Virginia. We found that the Clerk routinely alters the due dates without appropriate supporting documentation. All fines and costs are payable immediately upon final case 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 the defendant understands his obligation to the Court.

- In 4 of 15 unpaid cases tested, the Clerk did not comply with the payment terms as stated in the court order when setting up the accounts receivables in the system. In another case, the Clerk entered a final disposition of resolved in the case management system when the Judge's order dismissed the charges under a plea agreement. The Clerk should update the Court's automated systems with approved terms and dispositions per the court order or other supporting documentation.
- In 4 of 40 cases tested, the Clerk did not properly enter assessments in the financial management system. The Clerk failed to enter \$2,575 in restitution for one case and \$500 in attorney's fees in another case into the system at all. The Clerk entered \$300 in attorney's fees in another case five years after trial. In one final case, the Clerk entered a \$1,000 fine, but later deleted, then re-entered the fine into the system without supporting documentation. The Clerk should properly enter all assessments into the Court's automated systems.
- The Clerk did not promptly enter all unpaid fines and costs in the Judgment Lien Docket as required by Section 8.01-446 of the Code of Virginia. In 10 of 15 unpaid cases tested, the Clerk did not enter two judgments at all and entered the remaining judgments up to six months later. To maximize collections, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket Book.
- The Clerk still does not consistently monitor inactive civil cases. Section 8.01-335 of the Code of Virginia establishes guidelines for removing inactive civil cases from the Court's docket after one, two, and three years of inactivity. Although the Clerk has reduced the number of inactive cases, the Court's docket still has 15 inactive civil cases that are 4 to 13 years old. In addition, the Clerk could not locate the supporting case files for two of these inactive cases. Old cases clutter and overstate the Court's docket report, which is one of the tools the Compensation Board uses to allocate court funding. The Clerk should identify inactive civil cases and bring them to the Judge's attention for the Court to remove them from the docket. Further, the Clerk should consistently monitor inactive cases.
- The Clerk improperly increased the restitution owed by \$60 on a defendant's account to prevent the account from appearing on an error report. The Clerk should not alter restitution without an amended or new court order from the Judge.
- The Clerk recognized the need to issue a refund of \$86; however, he improperly refunded the \$86 as a cash transaction from the cash drawer maintained in the Clerk's office. The Clerk should issue all refunds using an official court check.
- The Clerk did not properly complete the bank reconciliation worksheet. The Clerk's reconciliation worksheet lacked several reconciling items, which were required in order to reconcile the account. The Clerk should consistently identify

The Honorable Thomas R. Williams
Board of Supervisors
March 1, 2002
Page Three

and document all reconciling items on the bank reconciliation worksheet to ensure that the accounting system, the bank statement, and the checkbook balances agree and accurately reflect all transactions. Proper documentation should assist in the identification of errors and omissions and provide a complete and accurate audit trail of subsequent corrections.

As noted in our three previous reports, many of these weaknesses hinder the collection of fines, costs, and fees. The other exceptions noted show that the Clerk does not consistently apply proper accounting and system procedures to the daily activities of the Court.

We continue to encourage the Clerk to begin participating in FMS User Group Meetings, Regional Clerk meetings, and any other training offered by the Supreme Court. The Clerk should immediately implement procedures to ensure that the receivables of his court are properly established, monitored, and collected. In addition, the Clerk and his staff should perform a self-review of all financial entries before posting them to the general ledger system. Without the appropriate knowledge, and subsequent enforcement of accounting and system procedures, the Clerk risks further non-compliance with state regulations, as well as, increases his risk that errors or omissions in accounting records will go undetected and state and local fines and costs will go uncollected.

We discussed these comments with the Clerk on March 1, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Thomas B. Hoover, Chief Judge
Jacqueline Wallace, Acting 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
Director, Admin and Public Records
Department of Accounts