

April 9, 2003

The Honorable Helen Butts
Clerk of the Circuit Court
County of Clarke

Board of Supervisors
County of Clarke

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Clarke for the period January 1, 2002 through December 31, 2002.

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.

Properly Record Daily Bank Deposit

The Clerk does not properly record the daily bank deposit in the Court's automated financial management system as required by the Financial Management System User's Guide. Specifically, of the 17 days tested we found the following:

- The Clerk did not void two duplicate bank deposit entries totaling \$16,402 in the automated financial system. Instead, the Clerk did not record subsequent daily bank deposits in the automated financial management system to account for the duplicated amounts.
- The Clerk recorded nine deposits in the automated financial system before depositing the collections and receiving the validated bank deposit slip.

Recording deposits in the automated financial management system before the bank's validation or not voiding duplicate deposit entries can result in unnecessary differences and increases the risk of errors remaining undetected.

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The Clerk should void any duplicate entries and should not record daily collections in the automated financial management system before actually depositing the funds. Following the Financial Management System Manual and making timely deposits will reduce the risk of loss and error and ease the record keeping process.

Establish Accounts Receivable

The Clerk did not establish \$8,733 of accounts receivable on the Court's automated financial management system immediately upon final disposition. We found 12 cases established on the case management system with no corresponding receivable in the financial management system. The Clerk should ensure she and her staff immediately establish receivables upon final disposition to strengthen collection procedures and increase the collection of Court Revenue. Failure to promptly record accounts receivable hinders collection efforts and results in loss of revenue for the Commonwealth.

Properly Document Due Dates

The Clerk does not consistently enter correct due dates in the Court's automated financial management system as required by Section 19.2-354 of the Code of Virginia. In 5 of 20 unpaid cases tested, the Clerk did not ensure that the correct due date appeared in the automated system. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the Court or evidenced by a written payment agreement. The Clerk should ensure she and her staff properly record the due date in the Court's automated financial management system in accordance with the Code of Virginia.

Prepare and File an Annual Trust Fund Report

The Clerk did not prepare and file an "Annual Trust Fund Report" for fiscal year 2002 as required by Section 8.01-600(G) of the Code of Virginia. When brought to the Clerk's attention, she prepared and filed the report with the Court and filed a copy in the Trust Fund Order Book. As the Clerk has a statutory responsibility for monitoring trust funds, she should prepare and file an annual trust fund report with the Court by October 1. Also, the Clerk should file the report in the Trust Fund Order Book.

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We discussed these comments with the Clerk on April 9, 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. E. Whetzel, Chief Judge
David Ash, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Director, Admin and Public Records
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