



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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February 13, 2003

The Honorable Robert G. Woodson, Jr.
Chief Judge
County of Cumberland General District Court
P. O. Box 24
Cumberland, VA 23040

The Honorable William S. Kerr
Chief Judge
County of Cumberland Juvenile and
Domestic Relations District Court
P. O. Box 26
Appomattox, VA 24552

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Cumberland District Court for the period January 1, 2002 through December 31, 2002. We also audited the cash receipts and disbursements of the Court's magistrates for the same period.

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.

Deposit and Record Daily Collections Timely

Although we noted some improvement, as noted in our previous audit, the Clerk continues to delay depositing the Court's daily collections. We noted delays of up to five business days before depositing daily collections in the bank. Further, the Clerk records deposits in the automated accounting system before actually depositing the collections and receiving the validated bank deposit slip. Delaying the deposit of court collections unnecessarily exposes the funds to a risk of misappropriation or theft. In addition, recording deposits in the automated accounting system before the bank's validation can result in unnecessary differences and increases the risk of errors remaining undetected.

The Clerk should deposit daily collections in the bank each day. Also, she should not record daily collections in the accounting system before actually depositing the funds. Following the Financial

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Management System Manual and making timely deposits will reduce the risk of loss and error and ease the record keeping process.

Properly Assess and Collect Fines and Costs

The Clerk does not always properly assess and collect fines and fees in criminal and traffic cases in accordance with the Code of Virginia. We noted exceptions in ten of 40 cases tested. In two cases, the defendant failed to appear in Court, which resulted in a conviction and fees under the tried in absence provisions of the Code of Virginia, Section 16.1-69.48:1. Later, up to three weeks after trial when the defendant paid court costs, the Clerk improperly removed the tried in absence fee. In two other cases, the Clerk incorrectly assessed the tried in absence fee, even though the defendant had been present in Court. The Clerk's failure to correct the error up to one and a half months later resulted in one defendant unnecessarily having his driver's license suspended. In another case, the Clerk removed the defendant's fine and court costs without obtaining an amended court order from the Judge. In four cases, the Clerk failed to assess several fees totaling \$140 as required by the Code of Virginia.

The Clerk should assess and collect fines and fees in accordance with the Code of Virginia and the Clerk should have written authorization from the Judge before altering or removing fines and fees assessed in Court.

We discussed these comments with the Clerk on February 13, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

MAGISTRATE ISSUES:

The results of our tests found the Magistrate properly stated, in all material respects, the amounts recorded and reported in the financial records. However, we noted weaknesses in internal controls that the Chief Magistrate needs to address as described below.

Improve Magistrate Accounting Procedures

Magistrate David Meinhard does not follow accounting procedures and record retention requirements as stated in Chapter X of the Magistrate's Manual. We noted the following specific conditions.

- The Magistrate did not deposit \$1,000 in bond money into the official bank account until five days after collection. Additionally, he prepared and remitted collections to the courts up to three days before depositing in the money collected into the official bank account. The Code of Virginia Section 17.1-271 and the Magistrate's Manual require the deposit of all collections

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within a reasonable time. The Magistrate should deposit collections promptly and before remitting them to the courts.

- The Magistrate does not consistently perform monthly bank reconciliations. Although the Magistrate only wrote two receipts during the audit period, he could not locate seven of the twelve bank statements to support the reconciliation.
- The Magistrate does not retain his accounting records as required in the Magistrate's Manual. In addition to the bank statements, he could not locate the official court receipt for funds remitted.

It is essential that the magistrate reconcile the bank account promptly each month. Failing to reconcile the bank account can lead to undetected errors and irregularities. Further, the magistrate must retain certain records for accountability as stated in the Magistrate's Manual. The magistrate should immediately comply with the required accounting procedures and retention requirements to ensure efficiency, accountability, and the proper recording of financial transactions.

We discussed these comments with the Chief Magistrate on February 13, 2003.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: Carolyn Z. Helgeson, Clerk
R. Kenneth Ranson, Chief Magistrate
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
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