

June 22, 1999

Augusta R. Wilkerson
Clerk of the Circuit Court
County of Essex

Board of Supervisors
County of Essex

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Essex for the period July 1, 1996 through June 30, 1998. We conducted our audit in accordance with generally accepted auditing standards.

Our primary objectives were to test the accuracy of financial transactions recorded in the Court's general ledger; 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 general ledger. However, we noted incomplete financial records, significant weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Improve Receivables Management

The Clerk does not adequately manage the court's receivables. The court uses a manual system to record court operations, but the Clerk does not have a general ledger control account for receivables. The Clerk uses individual payment ledger cards to record receivable activity. The Clerk does not compute total account receivables; thus, completeness of the court's account receivable records cannot be determined. For several years, our audits have identified weaknesses in the Clerk's account receivable management. The Clerk has not taken any corrective action. Again, our audit noted:

- The Clerk does not notify defendants of their fines and costs on the date of trial.
- The Clerk does not consistently send notices of fines and costs to the defendants and often the notices are late. In 4 of 11 cases tested, we found notices sent 3 to 21 months after case disposition.
- The Clerk does not calculate and record due dates in the case files or account ledger cards.
- The Clerk does not always assess costs properly and we found one account under assessed by \$600.
- The Clerk does not send unpaid accounts to the Department of Motor Vehicles for license suspension.
- The Clerk does not record unpaid cases in the Judgement Lien Docket promptly after case disposition. We found postings generally occurred 1 to 21 months after disposition.
- The Clerk does not consistently report unpaid accounts to the Commonwealth's Attorney for collection.

The Clerk's manual system and the difficulty of completing all of these tasks manually are clearly the cause of this weakness. The Clerk has delayed implementation of the Supreme Court's Case Management and Financial Management Systems for several years. If used properly, the automated system will provide a control account to track and monitor overall activity and individual accounts, generate notices of fines and costs, list unpaid accounts to be reported to the Commonwealth's Attorney, and send unpaid data to the Department of Taxation and the Department of Motor Vehicles.

The Clerk will be retiring at the end of her current term. The Supreme Court will work with the new clerk to quickly implement the automated system. Automation and adequate internal controls will resolve these issues.

Disburse Liabilities

The Clerk has not disbursed liabilities identified in the prior audit. The Clerk continues to hold bonds in ended cases and restitution payments in excess of \$7,000. The Clerk should immediately disburse these liabilities. The Clerk should send unclaimed liabilities to the Treasurer of Virginia as required by Code of Virginia, Section 55-210.12.

Submit State Collections Timely

The Clerk continues to delay remitting state funds beyond the required deadlines. The Clerk remitted 7 of 8 state transmittals tested from 2 to 9 days late. The Clerk must remit state funds at least weekly, or twice a week when monies exceed \$5,000, per §2.1-198 of the Code of Virginia.

Maintain a Trust Fund Order Book

The Clerk does not maintain a Trust Fund Order Book as required by §17.1-125 of the Code of Virginia. The Clerk does not understand the importance of her Code of Virginia mandated responsibilities. The Clerk should immediately organize and index all existing trust fund orders and place them in a designated book.

We discussed these comments with the Clerk on July 6, 1999 and we acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Joseph E. Spruill, Jr., Chief Judge
R. Gary Allen, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia