



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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March 12, 2004

The Honorable Edward M Turner, III
Chief Judge
County of Montgomery General District Court
P.O.Box 698
Hillsville, VA 24340

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Montgomery General District Court for the period January 1, 2003 through December 31, 2003.

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; and no instances of noncompliance with applicable laws, regulations, and policies. However, we noted a weakness in internal controls that the Clerk needs to address as described below.

Properly Reconcile Bank Account

As noted in previous audit reports, the Clerk does not properly reconcile the bank statement to the courts' automated accounting system. We found reconciling items totaling more than \$680 dating back to March 2003, which the Clerk continues to carry forward unresolved from month to month. The Clerk should resolve all differences immediately when she reconciles the checkbook and system balances to the bank statement. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected.

Timely and complete reconciliations are a very important component of effective internal controls. If the Clerk is unable to properly reconcile the bank account and promptly resolve reconciling items, she needs

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to contact the Supreme Court for assistance and guidance. Failure to do so unnecessarily increases the risk of errors, misappropriation, or other loss of funds.

We discussed these comments with the Clerk on March 12, 2004 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable John C. Quigley, Jr., Judge
The Honorable Gino W. Williams, Judge
Polly P. Myers, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia