



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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June 29, 2005

The Honorable Edward M. Turner III
Chief Judge
County of Montgomery General District Court
45 3rd Street, N. W. Suite 102
Pulaski, VA 24301

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, 2004 through March 31, 2005.

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 a weakness in internal controls that either the Chief Judge or the Executive Secretary of the Supreme Court needs to address.

Properly Reconcile Bank Account

As noted in the previous four audit reports, the Clerk does not properly reconcile the bank statement to the courts' automated accounting system. We found reconciling items totaling \$181 dating back to June 2004, 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.

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

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contact the Supreme Court for assistance and guidance. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds.

The Clerk has failed to understand that complete, timely and accurate reconciliations are the essential fundamental internal control in the Commonwealth's court system. Since the Clerk has not addressed the issue, we believe that either the Chief Judge or the Executive Secretary of the Supreme Court should take the appropriate actions to address the matter.

We discussed these comments with the Clerk on June 17, 2005 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:cam

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