

December 11, 2002

The Honorable Kathy P. Crane
Clerk of the Circuit Court
County of Washington

Board of Supervisors
County of Washington

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Washington for the period October 1, 2001 through September 30, 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.

Promptly Receipt and Deposit Collections

For 10 of 11 appealed cases tested, we found the Clerk receipted collections up to 35 business days after receiving the case from the District Court. Failure to promptly receipt collections could lead to theft or misappropriation of funds. The Clerk should promptly receipt and deposit all collections.

Properly Reconcile Bank Account

The Clerk did not reconcile the bank account to the court's automated financial system from October 2001 to October 2002. The Clerk did agree the checkbook balance to the financial management system; however, she did not ensure these balances agreed to the bank statement balance. The Clerk should immediately reconcile the bank account to the court's financial management system and resolve any differences identified. Failure to reconcile the bank account monthly and resolve all differences can lead to errors and irregularities going undetected.

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Consistently Monitor Inactive Civil Cases

The Clerk does not have established policies and procedures to consistently monitor inactive civil cases. Section 8.01-335 of the Code of Virginia establishes guidelines for removing inactive civil cases from the court's docket after one, two, and three years of inactivity. We found 196 chancery cases dating back to 1974 with no action. When brought to the Clerk's attention she immediately initiated a review of inactive civil cases.

Old cases clutter and overstate the court's docket report, which is one of the tools the Compensation Board uses to allocate court funding. The Clerk should develop policies and procedures to review and identify inactive civil cases. Once identified, the Clerk should bring them to the Judge's attention for the Court to remove them from the docket. Further, the Clerk should consistently monitor inactive cases.

Promptly Docket and Index Judgments

As noted in our prior year audit report, the Clerk does not promptly record judgments in the judgment lien index and imaging system. In 6 of 20 unpaid cases tested, the Clerk recorded the judgments up to 65 days after the Judge signed the order. The Clerk should record all judgments in the judgment lien index and imaging system promptly as required by Section 8.01-446 of the Code of Virginia. Subsequent to our audit, the Clerk implemented procedures to update the judgment lien index and imaging system daily

We discussed these comments with the Clerk on December 11, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Charles B. Flannagan II, Chief Judge
Mark K. Reeter, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
Supreme Court of Virginia
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