



Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Walter J. Kucharski, Auditor

March 26, 2001

The Honorable R. Bruce Long
Chief Judge
County of Charles City General District Court
Box 873
Gloucester, VA 23016

The Honorable I.H. Atlee
Chief Judge
County of Charles City Juvenile and P.O.
Domestic Relations District Court
P.O. Box 630
Gloucester, VA 23016

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Charles City District Court for the period July 1, 1999 through December 31, 2000.

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.

Improve Accounting Procedures

The Clerk still does not regularly review the court's daily accounting records or follow proper accounting procedures as required in the Financial Management System User's Guide. In addition, the Clerk continues to perform her financial responsibilities untimely. Specifically, we found the following.

- The Clerk does not properly document due date changes as required by the Code of Virginia Section 19.2-354. We noted that the Clerk and her staff routinely alter the due dates without appropriate documentation. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the court or evidenced by a written payment plan. Court staff should not alter due dates unless they have an established or revised payment agreement.

- The Clerk does not promptly disburse overpayments. In all refund accounts payable tested, the Clerk did not disburse funds to the defendants until two to three months later. The Clerk should promptly disburse or remit funds as appropriate.
- For all manual receipts tested, the Clerk did not put the receipt information on the daily financial reports or the end of day register reports as required by the Financial Management System User's Guide. Appropriate documentation of manual receipts ensures the proper entry of transactions in the system and reduces the risk of theft, loss or misappropriation of funds.
- The Clerk does not properly control voided receipts. In ten of 13 voids tested, the Clerk did not properly record the voided receipts on the cash reconciliation worksheet. It is imperative that she reviews the accounting records daily and complies with the appropriate accounting procedures to ensure court staff is making the proper entries. In addition, the Clerk failed to maintain all three copies of the voided receipt in two of 13 voids tested. These omissions greatly increase the risk of loss or theft of funds. The Clerk should immediately meet with her staff to ensure they understand and follow the proper procedures for voiding receipts.
- The Clerk does not consistently reconcile her bank statement timely. We noted delays of up to three months after receipt of the bank statement. Failure to reconcile the bank statement timely can lead to errors in the court's accounting system going undetected.
- The Clerk has an undistributed Tax Set-Off receipts balance consisting of amounts received in August 1998 and June 1999. The Clerk's failure to allocate these funds may have caused continuing collection activity on paid accounts. The Clerk must promptly credit the appropriate defendant's accounts receivable. The Clerk also has an unremitted balance in the escheated funds account from 1997 and another unidentified balance from before 1999 in an Unspecified Funds account. Prior auditors have recommended that the Clerk clear the balances in these accounts.

The Clerk should ensure that she and her staff follow the recommended accounting procedures. The Clerk should receive additional training to increase her knowledge and understanding of accepted accounting practices and the court's automated systems. The Clerk should review all of her staff's work to determine that they are following accepted accounting practices and performing work timely.

We discussed these comments with the Clerk on March 29, 2001 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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cc: The Honorable J.R. Zepkin, Judge
Edith Holmes, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnne Lane, Court Analyst
Supreme Court of Virginia