

February 4, 2002

The Honorable Annie L. Williams
Clerk of the Circuit Court
County of Dinwiddie

Board of Supervisors
County of Dinwiddie

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Dinwiddie for the period July 1, 2000 through September 30, 2001.

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 does not consistently follow proper accounting procedures. Specifically, we found the following conditions:

- The Clerk does not document the reasons for voiding receipts as required by the Financial Management Systems Users Guide. Properly documenting the reasons for voided receipts greatly reduces the risk of errors, fraud or misappropriation of funds. Since in this Court, staff can also void receipts, it is imperative that the Clerk is aware of the reasons for these voids.
- As noted in our prior audit, the Clerk does not consistently complete the Cash Reconciliation Worksheet. In all days tested, the Clerk only completed the reconciliation if there was a voided receipt. Completing the worksheet ensures daily receipts reconcile to collections. This reconciliation is critical in the processing of daily transactions to avoid errors, omissions or the loss or misappropriation of funds.
- The Clerk does not reconcile her payroll and expenses to state reimbursements. Our audit uncovered an unreimbursed balance of \$2,287 as of September 30, 2001, which represented salary expenses for a terminated employee. Because she does not

properly reconcile expenses to reimbursements, the Clerk had not identified this balance or its cause nearly four months later. If the Clerk continues to process her own payroll and expenses, she must reconcile balances in expense accounts monthly to ensure she properly receives all payments.

As the Clerk has the ultimate responsibility for the office's accounting operations, she should monitor the work performed by court staff to determine that they are following proper accounting procedures.

Properly Monitor and Disburse Liabilities

The Clerk does not properly monitor and disburse court liabilities. We noted the following:

- The Clerk does not properly monitor and disburse civil bonds. We found that the Clerk still holds funds from one civil case more than three years after the case's conclusion. In another instance, the Clerk still holds a \$3,030 civil bond from a case dismissed in January 2001. The Clerk should immediately implement procedures regarding the reviewing and disbursing of civil bonds.
- The Clerk did not submit the annual unclaimed property report for November 2000 and November 2001 as required by Section 55-210.12 of the Code of Virginia. The Clerk had \$2,794 in property potentially eligible for escheatment to the Commonwealth. The Clerk should review all liabilities and outstanding checks annually and report amounts over one year old to the State Treasurer.

The Clerk should establish procedures for monitoring and disbursing liabilities on a continuous basis. When the Clerk cannot locate bond or restitution owners, the Clerk should remit the funds to the State Treasurer as unclaimed property according to Section 55-210.12 of the Code of Virginia.

We discussed these comments with the Clerk on February 4, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Thomas V. Warren, Chief Judge
Wendy Ralph, Acting County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts