

March 11, 2003

The Honorable L. Wayne Harper  
Clerk of the Circuit Court  
County of Rockingham

Board of Supervisors  
County of Rockingham

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Rockingham for the period January 1, 2002 through December 31, 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.

#### Properly Secure Collections for Deed Recordings

The Clerk does not properly secure collections for deed recordings. Specifically, we found \$7,693 in unrecorded and unsecured checks. The Clerk should ensure he and his staff properly secure all collections until deposit. Failure to properly secure collections could result in loss or misappropriation of funds and increases the risk of theft.

#### Investigate and Resolve Daily Cash Discrepancies

The Clerk does not investigate and resolve discrepancies between daily collections and the Court's financial management system as required by the Financial Management System User's Guide. In 18 of 32 days tested, we found cash register shortages amounting to \$67 and one day with a discrepancy of \$12,301, which was subsequently located the next business day in a bank bag left unsecured on an employee's desk over a long weekend. The Clerk should ensure that he and his staff agree the actual collections to the cash register totals, investigate, and resolve discrepancies. In addition the Clerk should properly secure all collections until deposit. Failure to adequately reconcile

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daily collections to the Court's financial management system, investigate and resolve discrepancies, and secure collections until deposit could lead to misappropriation or loss of funds.

#### Enter Judgments for Unpaid Fines and Costs Promptly

As noted in our previous audit, the Clerk does not promptly record unpaid fines and costs into the Court's Judgment Lien Docket as required by Section 8.01-446 of the Code of Virginia. Specifically, in 8 of 20 unpaid cases tested, we found that the Clerk took up to 70 days to record \$7,353 of unpaid fines and costs. To maximize collection efforts, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket.

#### Monitor and Disburse Liability Accounts

Also as noted in previous audits, the Clerk does not properly monitor and disburse Court liabilities. The Clerk continues to improperly hold \$4,350 in criminal bonds and general miscellaneous receipts. Court reports showed that \$1,560 of the above funds also appeared as property potentially eligible for escheatment to the Commonwealth. If the Clerk does not properly and promptly disburse such funds to the appropriate individuals upon final disposition, he may need to personally pay interest on such funds. Further he should escheat the other funds to the state as unclaimed property.

We discussed these comments with the Clerk on March 11, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable J.E. Wetsel, Jr., Chief Judge  
William G. O'Brien, County Administrator  
Bruce Haynes, Executive Secretary  
Compensation Board  
Paul Delosh, Technical Assistance  
Supreme Court of Virginia  
Martin Watts, Court Analyst  
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