

February 13, 2003

The Honorable Edward Semonian
Clerk of the Circuit Court
City of Alexandria

City Council
City of Alexandria

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Alexandria for the period January 1, 2002 to 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 Receipt, Record, and Secure Collections

The Clerk does not properly receipt, record, and secure collections. Specifically, we found the following:

- The Clerk does not record daily cash register overages and shortages in the court's automated financial system. Instead, he keeps a "miscellaneous over/short fund" where the staff deposits overages and takes money out to cover shortages. The automated financial system recognizes that daily overages and shortages will occur and provides an account to record these transactions. The Clerk should use the court's automated financial system and eliminate the "miscellaneous over/short fund." The automated system also tracks overages and shortages by cashier and this would allow the Clerk to determine if one of the cashiers needs additional training.
- The Clerk routinely stores garnishment checks payable to parties other than the Clerk in unsecured case files until the court date. In addition, when members of the public request to view case files, the Clerk does not remove the checks from the case files. The Clerk should ensure he and his staff secure all checks received until payment is required.

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- In two of four estates tested, the Clerk qualified individuals without properly receipting state taxes and fees. Although the Clerk and his staff accepted payments from the appropriate parties, the Court did not issue a manual receipt or receipt the funds in the court's automated financial system until the next business day. We were also unable to determine how the Clerk secured the funds until receipt and deposit. The Clerk should ensure he and his staff properly receipt taxes and fees prior to qualifying individuals on an estate as outlined in section 58.1-1715 of the Code of Virginia.

Failure to properly receipt, record, and secure funds increases the risk of loss, theft, or misappropriation of funds. The Clerk should develop policies and procedures to ensure he and his staff properly receipt, record, and secure collections.

We discussed these comments with the Clerk on February 13, 2003, and acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable Donald M. Haddock, Chief Judge
Philip Sunderland, City Manager
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts