

**REPORT ON
CLERK OF THE CIRCUIT COURT
of the
COUNTY OF GRAYSON, VIRGINIA
CHARLES T. STURGILL**

**FOR THE PERIOD
APRIL 1, 2006 THROUGH JUNE 30, 2007**



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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

December 18, 2007

The Honorable Charles T. Sturgill
Clerk of the Circuit Court
County of Grayson

Board of Supervisors
County of Grayson

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Grayson for the period April 1, 2006 through June 30, 2007.

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.

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal controls or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal controls, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

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 a certain matters involving internal control and its operation that we consider to be reportable conditions. A reportable condition involves a matter coming to our attention relating to a deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal accountability. The reportable conditions are discussed in the section titled "Internal Control and Compliance Findings and Auditor's Recommendations."

We do not believe these conditions are material weaknesses. A material weakness is a significant deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal accountability and go undetected.

The results of our tests of compliance with applicable laws and regulations disclosed an instance of noncompliance that is required to be reported. This instance of noncompliance is discussed in the section entitled "Internal Control and Compliance Findings and Auditor Recommendations."

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

AUDITOR OF PUBLIC ACCOUNTS

WJK:clj

cc: The Honorable Josiah T. Showalter Jr., Chief Judge
William D. Ring, County Administrator
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND AUDITOR'S RECOMMENDATIONS

The following findings are reportable internal control matters that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability. The Clerk is retiring on December 31, 2008, and provided no response or corrective action plan.

Monitor and Disburse Liability Accounts

The Clerk does not disburse funds in accordance with the Code of Virginia or monitor his liability accounts monthly as required by Chapter 7 of the Financial Management System User's Manual. Liability accounts record amounts that the Clerk is holding to disburse to; individuals; other agencies or others; or to pay fines; and costs.

Specifically, we noted the following:

- The Clerk has not disbursed three bonds totaling \$4,850.
- The Clerk is not disbursing restitution payments timely and as of August 2007 he held 28 accounts totaling \$3,067.
- The Clerk is holding five trust fund accounts totaling \$84,472.58.

The Clerk should monitor liabilities, perform due diligence, and disburse liabilities on a regular basis. The Clerk should also send unclaimed property to the appropriate division or fund after due diligence procedures to locate the recipient have failed.

Request Tax Set Off Refunds

The Clerk did not request tax set off refunds for individuals that owe delinquent court costs and fines as required by section 58.1-524 (A) of the Code of Virginia. Starting in fiscal year 2006, a Court must request the tax refunds through the Department of Taxation's automated accounting system called the Integrated Revenue Management System (IRMS). Currently, the Clerk has no staff member certified to use this system.

