



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

April 1, 2003

The Honorable G. Richard Beck
Chief Judge
City of Petersburg General District Court
35 East Tabb Street
Petersburg, VA 23803

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the City of Petersburg General District Court 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.

Ensure Accounting Staff Is Properly Trained

The Clerk's office experienced a change in bookkeepers in January 2002 when the employee who had performed those duties for many years left to seek other employment. Unfortunately, the employee designated to replace the departing bookkeeper does not possess a comparable level of knowledge of accounting procedures in the Court's automated financial system environment. Consequently, she makes procedural errors that affect several accounting areas including bank reconciliations, accounts receivable and liabilities. We found the following types of problems.

The Honorable G. Richard Beck
April 1, 2003
Page Two

- The bookkeeper does not reconcile the bank account properly because she does not understand how to resolve differences between the bank balance and the system's cash balance. We noted numerous attempts to correct the differences in the system. Monthly bank reconciliations are essential for determining the proper recording of all transactions and detecting errors. When the bookkeeper cannot reconcile the account, she should immediately seek assistance from the Clerk, and if necessary, from the Supreme Court.
- The bookkeeper does not consistently record deposits in the automated accounting system the next business day as required by the Financial Management System User's Guide. We noted delays of up to 47 days, in 14 of the 15 days tested. Recording deposits timely in the system reduces the risk of errors remaining undetected and eases the record keeping process.
- The bookkeeper does not have an adequate understanding of the exception reports, nor does she consistently review daily financial, accounts receivable and liabilities reports for errors. For example, we found cases listed on the daily system interface error report that remained unresolved for up to eight months. Without proper resolution, the Court's automated systems will not accurately reflect case status.

It is apparent that the bookkeeper needs further training to adequately perform her duties. As the Clerk has the ultimate responsibility for the office's operations, it is incumbent upon her to ensure that the bookkeeper possesses an adequate understanding of accounting procedures and the financial management system. The Clerk should immediately coordinate training for the bookkeeper with the Supreme Court to increase her knowledge and understanding of accepted accounting practices and the Court's automated system processes.

Further, the Clerk needs to review the work of her staff on a daily basis to ensure that all personnel are following accepted procedures, performing their work properly and timely, and regularly resolving all exceptions.

We discussed these comments with the Clerk on April 1, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:cam

cc: The Honorable Garland Bigley, Judge
Joyce A. Street, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia