

October 7, 2002

The Honorable Albert Teich, Jr.
Clerk of the Circuit Court
City of Norfolk

City Council
City of Norfolk

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Norfolk for the period October 1, 2001 through September 30, 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.

Record and Reconcile Bank Statement Activity

The Clerk does not record bank service charges in the court's automated financial management system. In addition, the Clerk does not adequately reconcile the court's bank accounts to the financial system as required by the Financial Management System User's Guide, Chapter 7. Specifically, we found the following:

- Unrecorded bank service charges totaling \$6,292 dating back to May 2001;
- Unresolved reconciling items totaling \$750 dating back to December 2000; and
- Untimely performance of the monthly bank reconciliation. The Clerk performed two of 11 bank reconciliations tested up to one month after receiving the bank statement.

Failure to record court expenses, resolve reconciling items, and perform timely reconciliations could result in misappropriation and loss of funds. The Clerk should immediately record all bank services charges

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Page Two

and resolve all reconciling items. The Clerk should also ensure that he performs all monthly bank reconciliations in a timely manner.

Properly Assess Fees

The Clerk does not assess the \$100 forensic analysis fee on applicable misdemeanor convictions as required by Section 18.2-264.01, of the Code of Virginia. All of the misdemeanor convictions we tested that involved a laboratory analysis did not contain the \$100 fee. Failure to assess this fee results in loss of revenue for the Commonwealth and non-compliance with the Code of Virginia. The Clerk should ensure that his office assesses and collects all applicable fees as provided by the Code of Virginia.

We discussed these comments with the Clerk on October 7, 2002, and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable Marc Jacobson, Chief Judge
Regina V. K. Williams, City Manager
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
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FROM: Esther E. Derrick, Audit Supervisor

DATE: Thursday, November 07, 2002 **TIME:** 9:50 AM

Number of pages including cover page: 3

CONFIDENTIAL FOR: The Honorable Albert Teich, Jr., Clerk

MESSAGE: Enclosed is a **DRAFT COPY** of our audit report. We previously discussed these findings with you during the audit. We are providing this draft copy to afford you an additional opportunity to comment before we finalize the report.

If you would like to discuss this report further or have any questions, please give me a call at (804)-225-3350 x337. If I do not hear from you by Thursday, October 31, 2002 I will issue the final report.