



Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

February 13, 2003

The Honorable Daniel W. Bird, Jr.
Chief Judge
County of Montgomery General District Court
45 3rd Street, N. W.
Pulaski, VA 24301

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Montgomery 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; and no instances of noncompliance with applicable laws, regulations, and policies. However, we noted weaknesses in internal controls that the Clerk needs to address as described below.

Properly Reconcile Bank Account

As noted in our previous three audit reports, the Clerk does not properly reconcile the bank statement to the court's automated accounting system. We found an \$85 reconciling item dating back to July 2001, which the Clerk continues to carry forward from month to month. We also noted five additional reconciling items totaling \$31 dating back to July 2002, which had not been resolved as of our audit date. Reconciling items should be resolved immediately when the Clerk reconciles the bank account. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected. The Clerk should contact the Supreme Court for assistance and guidance in resolving these and any future reconciling items if she is unable to resolve them.

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Properly Account for Cash Discrepancies

The Clerk does not record daily cash register overages and shortages in the court's financial management system as required by the Financial Management System User's Guide. When the office experiences a cash shortage, the Clerk puts in the difference out of her own pocket instead of accounting for the shortage in the court's automated system. When the office experiences a cash overage, they put the money in an unrecorded cash fund. To avoid potential loss or misappropriation of funds, the Clerk should ensure she and her staff understand and follow the procedures for recording daily cash overages and shortages outlined in the Financial Management System User's Guide.

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

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Honorable John C. Quigley, Jr., Judge
Polly P. Myers, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia