



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 6, 2003

The Honorable R. Larry Lewis
Chief Judge
County of Scott General District Court
104 East Jackson St. Suite 9
Gate City, VA 24251

The Honorable James M Shull
Chief Judge
County of Scott Juvenile and
Domestic Relations District Court
104 East Jackson St. Suite 9
Gate City, VA 24251

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Scott 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 a weakness in internal controls that the Clerk needs to address as described below.

Properly Reconcile Bank Account

The Clerk did not properly reconcile the bank account to the Court's automated financial system from January 2002 to December 2002. The Clerk did agree the checkbook balance to the financial management system; however, he did not ensure these balances agreed to the bank statement balance. Specifically, we found reconciling items carried forward for up to six months, inadequate supervisory review, and incomplete reconciliations. The Clerk should immediately reconcile the bank account to the Court's financial management system and resolve any differences identified. Failure to reconcile the bank account monthly and resolve all differences can lead to errors and irregularities going undetected. The Clerk should also contact the Supreme Court for assistance and guidance in resolving these and any future reconciling items if he is unable to resolve them.

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We discussed these comments with the Clerk on March 6, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: Michael D. Edwards, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia