

July 3, 2003

The Honorable Sue K. Dudley
Clerk of the Circuit Court
County of Highland

Board of Supervisors
County of Highland

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Highland for the period January 1, 2002 through March 31, 2003.

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.

Strengthen Controls for Voided Receipts

The Clerk does not consistently follow proper procedures for handling voided receipts. Specifically, in seven of fifteen voided receipts tested, the Clerk either did not document the reasons for voiding the receipt, or did not maintain all three copies of the voided receipt. These omissions greatly increase the risk of errors, fraud or misappropriation of funds. Since in this Court, staff can also void receipts, it is imperative the Clerk is aware of the reasons for voiding receipts. The Clerk should provide appropriate oversight to staff to ensure that they follow proper procedures for voiding receipts. Reasons for voiding receipts should be documented and the Clerk should maintain all copies of voided receipts.

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We discussed these comments with the Clerk on July 3, 2003 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Duncan M. Byrd, Jr., Chief Judge
William B. Huffman, Treasurer
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
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