

December 6, 2002

The Honorable Cynthia P. Morrison
Clerk of the Circuit Court
City of Portsmouth

City Council
City of Portsmouth

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Portsmouth 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 a weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Disburse Trust Funds

The Clerk did not disburse \$33,123 in trust funds to beneficiaries in accordance with the court order as required by Section 8.01-600 of the Code of Virginia. The Clerk should ensure she reviews case files and complies with all laws and regulations before disbursing trust funds to beneficiaries. Failure to obtain necessary court orders results in non-compliance with the Code of Virginia and could result in improper or inappropriate disbursement of funds.

Review and Correct Accounts Under Review

The Clerk does not have procedures to review and appropriately correct accounts listed as "under review" in the court's financial management system. We noted that the Clerk currently has 308 past due accounts in the under review status. While in this status, accounts, even if delinquent, are not subject to collection procedures or punitive license suspension. Therefore, accounts should not remain under review for more than the minimum time necessary to address the reasons for this flagging action. The Clerk should immediately review these past due accounts, determine

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the validity of each individual account, and take any appropriate corrective action to remove them from the under review status. Also, the Clerk should immediately establish procedures to regularly review and appropriately correct accounts under review. Failure to review and correct accounts under review hinders collection efforts and results in loss of revenue for the Commonwealth.

We discussed these comments with the Clerk on December 6, 2002, and acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable Dean W. Sword, Jr.
C. W. McCoy, City Manager
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
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