



Commonwealth of Virginia

Auditor of Public Accounts
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Walter J. Kucharski, Auditor

January 23, 2008

The Honorable Colleen Killilea
Chief Judge
County of Middlesex General District Court
5201 Monticello Ave. Suite 2
Williamsburg, VA 23188

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Middlesex General District Court for the period January 1, 2006 to September 30, 2007.

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.

Improve Court Management

We found the Court's records incomplete, missing essential information and documents to understand the transactions, unsecured financial instruments and court records unfiled, unsecured and unsafeguarded. The Clerk's failure to follow the Supreme Court of Virginia's standard procedures has resulted in significant internal control and financial management weaknesses.

Specifically, we noted the following:

- Reconcile Bank Account
 - The Clerk has not reconciled the Court's bank account since May 2007.

- Record Deposits
 - The Clerk also did not record bank deposits in the automated financial system timely and some deposits went unrecorded for periods of a month.
- Remittance of State and Local Monies
 - The Clerk did not send State and Local monies to the Circuit Court as required by Section 16.1-69.48 A of the Code of Virginia in a timely fashion. At times, the Clerk was up to six weeks late in sending these monies.
- Provide Controls over Receipts
 - The Clerk does not have any controls over the issue, recording and retention of manual receipts. Noted inconsistencies included missing dates, missing dollar amounts, and numerous discrepancies between the colored copies of the same receipt.
 - The Clerk does not consistently retain all three copies of a voided receipt as per section 10-40-1 of the FMS manual, which requires retention of all copies of a voided receipt and documentation for the reason.
- Improve Management over Accounts Receivable
 - The Clerk does not follow established procedures for delinquent accounts. The Clerk did not receipt collections from the collection agent intact and timely as required by Section 17.1-271 of the Code of Virginia. Additionally the clerk did not credit these collections to the individual accounts; and failed to send agent fees as part of the monthly closing procedures outlined in the FMS Users Guide.

The items listed herein are fundamental internal controls necessary to reduce the risk of errors, misappropriation, or other loss of funds. The Clerk should immediately strengthen the Court's internal control and financial management procedures to reduce such risk.

We discussed these comments with the Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:clj

cc: The Honorable R. Bruce Long, Judge
Gail Fulcher, Clerk
Paul DeLosh, Director of Technical Assistance
Supreme Court of Virginia