

April 15, 1999

Benjamin O.Scott
Clerk of the Circuit Court
City of Petersburg

Clerk of City Council
City of Petersburg

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Petersburg for the period January 1, 1997 through June 30, 1998. We conducted our audit in accordance with generally accepted auditing standards.

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 weaknesses in internal controls and compliance with state laws, regulations, and policies relating to accounts receivable that the Clerk needs to address as described below.

INTRODUCTION

Since our last audit, the Clerk has resolved and corrected all the major issues within the court's operations and accounting. Resolution included finding and correcting the \$16,000 cash shortage within the accounting system noted in our 1995 audit report. Apparently, the difference was the result of poor bookkeeping and not missing funds.

During this period, the Clerk has worked with the Supreme Court to install a fully automated and interfaced accounting system and the Clerk is reviewing the accounting records daily. Clerk is making sure there are monthly bank account reconciliations and is reviewing and approving the reconciliation. Clerk is now recording and maintaining all Court Funds on the automated accounting system. The accounts receivable comments below represent areas where the Clerk can continue to refine and improve his operations and accounting practices.

Continue to Improve Receivables Management

The court finished fully automating and interfacing the accounting system in August 1997. Since then, the Clerk has improved his management of accounts receivable. Because the Clerk and his staff are still learning how to properly use all the features of the system, the following conditions still exist at the court.

- ◆ The Clerk does not promptly establish accounts on the automated system after final case disposition. In 9 of 30 cases tested, we found eight accounts established 2 weeks to 6 months after final disposition, and one account never established.
- ◆ The Clerk does not promptly and consistently record unpaid fines and costs in the Judgment Lien Docket Book. In 17 of 30 cases tested, the Clerk did not enter the judgments until 1 to 8 months after final case disposition. In 4 other cases tested, the Clerk did not enter the judgments.

To increase the collection of court revenues, the Clerk should establish receivables immediately upon the final disposition of the case as required by the Financial Management User's Guide. Further, the Clerk should record all unpaid judgements in the Judgement Lien Docket Book promptly and use all available remedies to collect fines and costs.

We discussed these comments with the Clerk on February 1, 1999 and we acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Oviler A. Pollard, Chief Judge
B. David Canada, City Manager
Bruce Haynes, Executive Secretary
Compensation Board
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia