



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

December 20, 2000

Caroline Watts
Clerk of the Circuit Court
County of Madison

Board of Supervisors
County of Madison

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Madison for the period April 1, 1998 through June 30, 2000.

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 noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Collect Taxes and Fees for Qualifications

In 5 of 9 qualifications tested, the Clerk did not collect the state and local probate tax and applicable Clerk's fees before qualifying individuals as an executor or administrator of an estate as required by Section 58.1-1715 of the Code of Virginia. The Clerk prefers to defer collection until the qualifying individual can open an account and make payment from the estate. The Clerk has a statutory responsibility to collect taxes using the estimated value of the estate before permitting an individual to qualify.

Improve Receivables Management

The Clerk does not have adequate procedures to ensure proper collection of past due and delinquent accounts. We observed the following:

- The Clerk does not always promptly establish receivables in the accounting system immediately after the final disposition of the case.

In seven of twenty cases tested, the Clerk established accounts receivable from fifteen days to 22 months after final disposition.

- The Clerk does not always promptly enter all unpaid fines and costs in the Judgment Lien Docket as required by Section 8.01-446 of the Code of Virginia. In twelve of twenty cases tested, the Clerk entered judgment from twelve to 36 days after the case concluded. The Judgment Lien Docket is an important tool for the collection of fines and costs. The Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket and use all available remedies to collect fines and costs.

To increase collection of court revenues, the Clerk should establish receivables immediately upon final disposition of the case as required by the Financial Management System User's Guide and should record all judgments in the Judgment Lien Docket Book promptly. The clerk must make collection of fines and costs a priority.

We discussed these comments with the Clerk on October 17, 2000, and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

cc: The Honorable Larry Bouton, Chief Judge
Stephen Utz, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia