

March 12, 2002

The Honorable L. Wayne Harper
Clerk of the Circuit Court
County of Rockingham

Board of Supervisors
County of Rockingham

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Rockingham for the period January 1, 2001 through December 31, 2001.

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.

Investigate and Pay Liability Balances

As noted in several prior audits, the Clerk refuses to disburse liability accounts in a reasonable amount of time. As a result, the Clerk is unnecessarily holding restitution, escrow and criminal and civil bonds totaling \$68,805. Because Section 58.1-3177 of the Code of Virginia provides that the Clerk may be personally liable for any loss of income for failing to pay out money so ordered by the court within sixty days of a court order, the Clerk's liability could be substantial. For example, given a very conservative estimate of just three percent simple interest per year, the Clerk could be liable for \$825 in lost income from just one \$2,500 criminal bond that he has not disbursed even though the court issued an order dismissing the case in 1990.

The Clerk should immediately disburse these liabilities and send any unclaimed liabilities to the Treasurer of Virginia as required by the Code of Virginia Section 55-210.12.

Properly Manage Accounts Receivables

The Clerk does not properly manage the court's accounts receivable balances. Specifically, we found the following:

- In 12 of 15 unpaid cases tested, the Clerk entered unpaid fines and costs into the judgment lien docket book from 11 to 54 days after trial date. The Clerk should record all unpaid fines and costs in the judgment lien docket book without delay in accordance with Section 8.01-446 of the Code of Virginia.
- The Clerk does not consistently enter fines and costs in the court's automated financial system. We reviewed three months worth of reports that identify cases concluded in the court's case management system with no corresponding receivable in the court's financial management system. In four of 18 cases listed on these reports, the Clerk did not enter costs and fines totaling \$2,668. The Clerk should promptly enter all fines and costs to ensure that the collection process can proceed.

The Clerk should immediately implement procedures to ensure that he properly establish, monitor and collect accounts receivables. The lack of such procedures increases the chance that the court will experience a loss of revenue.

We discussed these comments with the Clerk on March 12, 2002 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

cc: The Honorable John J. McGrath, Jr., Chief Judge
William G O'Brien, 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
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