April 2, 2001

The Honorable Thomas R. Williams
Clerk of the Circuit Court
County of of Charles City

Board of Supervisors
County of of Charles City

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of of Charles City for the period July 1, 1999 through December 31, 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.

Improve Receivables Management

Since our last audit, the Clerk has improved management of account receivables. However, the following conditions still exist.

➢ The Clerk does not properly document due date changes as required by the Code of Virginia Section 19.2-354. We found that the Clerk routinely alters the due dates without appropriate documentation. All fines and costs are payable immediately upon final case disposition unless otherwise ordered by the court or evidenced by a written payment plan. Court staff should not alter due dates unless they have an established or revised payment agreement.

➢ The Clerk did not properly establish accounts receivables on the accounting system.

- In five of 32 cases tested, the Clerk did not comply with the payment terms as stated in the court order when setting up the accounts receivables in the system.

- In four of 31 cases tested, the Clerk did not properly assess court costs.

- In three of 11 cases tested, the Clerk failed to remove the incarcerated code from the account upon the defendant's release from prison. This prevented the system from properly calculating accrued interest on the delinquent balance.

- In four of 12 unpaid cases tested, the Clerk did not establish an accounts receivable on the accounting system immediately after the final disposition of the case. The Clerk never entered one of the cases, and waited up to one year after final disposition to enter the remaining cases. In one of the cases tested, the Clerk entered the payment terms incorrectly, causing the unnecessary suspension of defendant's driver's license. In one of the cases tested, the trial date entered in the system did not match the trial date on the court order. In one other case tested, the Clerk entered the final disposition as dismissed when the Judge's court order specified a guilty verdict. This error prevented collection efforts from starting when the defendant defaulted on paying his court costs.

The Clerk should properly establish receivables to increase the collection of court revenue.

➢ The Clerk did not promptly enter all unpaid fines and costs in the Judgment Lien Docket as required by the Code of Virginia Section 8.01-446. In four of 11 of unpaid cases tested, the Clerk did not enter two judgments at all and entered the remaining judgments up to seven months later. To maximize collections, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket Book.

As noted in our previous report, these weaknesses hinder the collection of state fines, costs, and fees. The Clerk should immediately implement procedures to ensure that the receivables of his court are properly established, monitored, and collected.

Properly Monitor Civil Cases

The Clerk still does not consistently monitor inactive civil cases. Code of Virginia Section 8.01-335 establishes guidelines for removing inactive civil cases from the court's docket after one, two, and three years of inactivity. The court's docket has 25 civil cases which are three years or older. Fifteen of these inactive cases are four to 11 years old. One of the cases tested ended in June 1996, but continues to appear as pending because the Clerk failed to properly enter the information on the system. Old cases clutter and overstate the court's docket report, which is one of the tools the Compensation Board uses to allocate court funding. The Clerk should identify inactive civil cases, bring them to the Judge's attention for the court to remove them from the docket, and refund any bonds. Further, the Clerk should begin to consistently monitor inactive cases.

Continue to Improve Knowledge of Accounting Procedures and System

Though there has been improvement since our last audit, the Clerk continues to demonstrate a lack of knowledge regarding the use of proper accounting procedures and the court's automated accounting system. Specifically, we found the following conditions:

➢ The Clerk does not properly use or reconcile the revenue account for the court's payroll and office expenses. The Clerk should ensure he has a thorough understanding of the reimbursement process. He should reconcile balances in expense accounts monthly to ensure he properly received all payments and promptly resolve any variances.

➢ The Clerk did not properly send local funds to the County Treasurer for the period December 2000 until February 2001. In addition, he sent December's local funds twice, creating negative ending balances in most of the court's local revenue codes. The Clerk needs to ensure he sends all court revenue promptly and accurately.

➢ The Clerk does not properly reconcile his daily collections. In four of 15 days tested (27 percent), the bank deposit and journal voucher amounts did not match the daily collection amount. The Clerk needs to properly reconcile his daily collections to ensure the accounting system accurately includes all transactions.

➢ The Clerk does not provide proper documentation for voided receipts. In all voided receipts tested, the Clerk and his staff did not document the reason for the void. Properly documenting voided receipts reduces the risk of loss, theft, or misappropriation of funds.

➢ The Clerk does not properly reconcile his bank account. We could not determine if the checkbook reconciled to the bank statement and the accounting system because the Clerk did not maintain a running balance in the checkbook. As a result, it took the Clerk four months to resolve a reconciling difference caused by a check recording error. The Clerk should reconcile the accounting system, the bank statement, and the checkbook to ensure that all three agree and accurately include all transactions and, therefore, reduce the risk of errors and omissions.

➢ The Clerk does not adequately control access to his automated case management and accounting system. The Clerk allows one of his deputies to share his user identification to access the automated system. Each user should have a separate user identification to properly limit the level of access and to maintain personal accountability.

➢ The Clerk stores on top of file cabinets ended civil cases up to two years old without any clear indication of the time periods to which they relate. The Clerk's filing system severely hampers timely retrieval of information and staff cannot promptly research and resolve customer inquiries. The Clerk files criminal cases by last name, but not in strict alphabetical order. We recommend that the Clerk store all cases systematically on the shelves or in a file cabinet, organized by end date or alphabetically by name. Organizing all cases clearly and concisely will enhance the Clerk's ability to provide efficient and effective customer service.

As we recommended in our last audit, the Clerk should request additional training from the Supreme Court. Once the Clerk has the appropriate level of knowledge to properly perform and record accounting transactions, he should keep informed of changes affecting the financial system and other court operations. To accomplish this, the Clerk should ensure that he attends the semi-annual FMS User Group Meetings, the Fall Regional Conferences, and other training classes provided by the Supreme Court. In addition, the Clerk and the staff should perform a self-review of all financial entries prior to posting them to the general ledger system.

We discussed these comments with the Clerk on April 2, 2001 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Prentis Smiley, Jr., Chief Judge
        Kenneth Chandler, County Administrator
        Bruce Haynes, Executive Secretary
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        Don Lucido, Director of Technical Assistance
          Supreme Court of Virginia
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