

**CHARLES L. FRALEY, III  
CLERK OF THE CIRCUIT COURT  
OF THE  
COUNTY OF GILES**

**REPORT ON AUDIT  
FOR THE PERIOD  
OCTOBER 1, 2008 THROUGH DECEMBER 31, 2009**



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# Commonwealth of Virginia

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

**Walter J. Kucharski, Auditor**

May 3, 2010

The Honorable Charles L. Fraley, III  
Clerk of the Circuit Court  
County of Giles

Board of Supervisors  
County of Giles

Audit Period: October 1, 2008 through December 31, 2009  
Court System: County of Giles

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. 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.

## Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

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:alh

cc: The Honorable Colin R. Gibb, Chief Judge  
Chris McKlarney, County Administrator  
Robyn M. de Socio, Executive Secretary  
Compensation Board  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia  
Director, Admin and Public Records  
Department of Accounts

## COMMENTS TO MANAGEMENT

We noted the following matters involving internal control and its operation that have led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

### Properly Remit State Collections

The Clerk did not deposit state collections exceeding \$5,000 with the State Treasurer twice weekly as required by Section 2.2-806 (B) of the Code of Virginia. Specifically we noted that in nine of the 66 weeks tested, the Clerk deposited collections exceeding \$5,000 only once a week. The Clerk should ensure he and his staff properly deposit all state collections as outlined in the Code of Virginia. Failure to properly adhere to these regulations increases the risk of errors or misappropriation or other loss of funds.

### Properly Report Trust Funds

The Clerk did not file an annual report with the Court or record it in the automated indexing and imaging system as required by Section 8.01-600 (G) of the Code of Virginia. The Clerk should file and record the annual trust fund report in accordance with the Code of Virginia.

### Properly Retain Void Receipts

The Clerk's staff did not consistently retain copies of void receipts as recommended by the Financial Management System User's Guide. Specifically, we noted the Clerk's staff did not retain copies of void receipts in three of 12 voids tested. The Clerk has the responsibility to implement proper internal controls to account for all collections received. We recommend the Clerk review the Financial Management System User's Guide with his staff to ensure the staff is maintaining a high skill and competency level.

# Office of the Giles County Circuit Court Clerk

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Pearisburg, Virginia 24134

Charles L. Fraley, III, Clerk  
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(540) 921-1722  
(540) 921-3825



Sherry E. Gautier, Chief Deputy  
Amanda D. Blankenship, Deputy  
L. Diane Buckland, Deputy  
Angela J. Monday, Deputy

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## Corrective Action Plan

### Properly Remit State Collections

Please note that this office deposited collections the day it exceeded \$5000.00. Otherwise, there would have been deposits that were less than the designated amount.

We are currently making two deposits a week regardless if the amount is less than \$5000.00.

### Properly Report Trust Funds

The annual report was completed by the due date. It inadvertently did not get indexed and scanned on ILS. I will take the blame for this.

From this point, a cover letter will be attached to the report for the Judge to sign and date. It will be scanned and indexed the day the Judge signs the report.

### Properly Retain Void Receipts

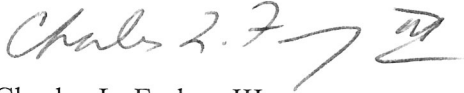
After the auditor pointed this out to me, I had a staff meeting and set policy that no Voids could be done without consent from the myself or my Chief Deputy Sherry Gautier. I made it clear that we had to have all 3 copies of the receipt and a reason as to why the Void took place.

It was also pointed out that whomever made the mistake that required a Void, another person with proper access would re-enter the correct information.

I apologize for these errors. I have only been in office a couple of years and am still in the learning phase. I try to run this office as efficiently as possible and take a great deal of

Pride in doing so. Please be assured that these issues have been addressed and you will not experience them on your next audit. Any consideration to removing these management points from this Audit would be greatly appreciated!

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Charles L. Fraley, III", followed by a stylized flourish.

Charles L. Fraley, III  
Circuit Court Clerk  
Giles County