

October 22, 2002

The Honorable Rebecca P. Hogan  
Clerk of the Circuit Court  
County of Frederick

Board of Supervisors  
County of Frederick

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Frederick for the period July 1, 2001 through June 30, 2002.

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; and no instances of noncompliance with applicable laws, regulations, and policies. However, we noted weaknesses in internal controls that the Clerk needs to address as described below.

#### Improve Receipting Procedures

The Clerk does not properly receipt funds, record them in the court's financial management system, or secure collections. Specifically we found the following:

- The Clerk does not issue manual receipts for payments made to the Court while the court's automated financial management system is unavailable. As a result we were unable to determine proper collection and recordation of any payments collected during system unavailability.
- The Clerk does not properly void incorrect receipts as outlined in the Financial Management System User's Guide, Appendix K. Instead the Clerk will manually alter the receipt issued to the customer and then record a journal entry to correct the financial system. Voiding incorrect receipts helps ensure that receipts are properly accounted for in the court's financial management system and the customer receives the correct payment information.

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- The Clerk does not properly secure monies in the cash drawer. We found that the Clerk leaves the cash register keys in the cash drawer, which is easily accessibility to the public.

The Clerk should implement and enforce internal control procedures to help ensure the proper receipt of payments and security of funds after collection. Failure to implement a strong internal control system could result in misappropriation or loss of funds.

We discussed these comments with the Clerk on September 26, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable J. E. Wetsel, Chief Judge  
John R. Riley, 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  
Director, Admin and Public Records  
Department of Accounts