



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 19, 2013

Ann Hylton
Chief Magistrate
County of Henry
3160 Kings Mountain Rd, Suite F
Martinsville, VA 24112

Audit Period: July 1, 2011 through June 30, 2012
Court System: County of Henry
Judicial District: Twenty-first
Magisterial Region: Two

We are performing a statewide audit of the Magistrates. During our review, we conducted certain audit procedures, as we deemed appropriate.

Management is an important part of the Magistrates' accountability, since you are responsible for establishing and maintaining internal controls and complying with applicable laws and regulations. During our review, we noted certain matters that required management's attention and corrective action. These matters included:

Promptly Deposit Funds

One Magistrate deposited cash bonds totaling \$8,350 up to two days late instead of the next day as stated in the Magistrate Manual. Additionally, in most of these instances, the Magistrate remitted the bond to the Clerk of the Court by check before depositing the cash. Not depositing cash into the bank promptly is a risk that could lead to a loss of funds. Magistrates should deposit all funds into the Magistrate's official checking account within one day of receipt and should only issue checks after depositing the money.

Promptly Record Manual Receipt Collections

One Magistrate did not record a manual receipt, which was written when the automated system was down, into the automated system after it was restored. Not entering a manual receipt into the automated system poses an increased risk for fraudulent activity and misappropriation of funds. The Magistrate should immediately enter the manual receipt into the automated system once it becomes operational.

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Promptly Reconcile Bank Account

One Magistrate delayed three months before reconciling the August 2011 bank statement. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increase the risk of a loss of funds. We recommend the Magistrate perform monthly bank reconciliations upon receiving the bank statements as required by the Magistrate Manual.

We acknowledge the cooperation extended to us by the Magistrates during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM: clj

cc: David B. Brumit, Magistrate Supervising Authority
Bobby Lewis, Magistrate System Coordinator
Supreme Court of Virginia
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia