



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

November 12, 2004

The Honorable J. Larry Palmer
Chief Judge
County of Greensville General District Court
P.O. Box 187
Prince George, VA 23879

The Honorable Charles Perkinson, Jr.
Chief Judge
County of Greensville Juvenile and
Domestic Relations District Court
202 North Main Street
Lawrenceville, VA 23868

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Greensville Combined District Court for the period July 1, 2003 through June 30, 2004.

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 Controls Over Collections

The Clerk should improve controls over the receipting and depositing of daily collections. Specifically, we found the following weaknesses.

- On any given day, up to ten staff may use the one cash drawer when receipting daily collections. This practice does not allow for adequate accountability and audit trail should cash shortages or overages occur. It also hinders identifying individual cashier training issues. We found three separate incidents of cash shortages totaling \$86 during the audit period.

- There is no separation of duties among staff for receipting and reconciling daily collections, and preparing the deposit, or between the opening and processing of mail payments.
- Two cashiers have unsupervised access to the safe, which often contains the funds from the day's collections before deposit and the change fund.

In order to reduce the risk of fraud or other loss of funds, the Clerk should immediately implement adequate controls over the receipting, reconciling, and depositing of daily collections. Adequate controls include separating the receipting, reconciling, and depositing duties among several employees. This includes separating the processing of mail receipts as well.

To help maintain sufficient accountability and audit trail over cash receipts, each employee should have their own separate cash drawer. If this is not feasible, the Clerk should consider less costly alternatives such as using separate envelopes, bank bags, or lock boxes secured near the register. Employees could maintain the proceeds and receipts from their transactions in their own cash envelop, bag, or lock box. If the Clerk cannot provide these alternatives, she should limit the number of cashiers who use the same cash drawer.

Finally, no employee should have unlimited, unsupervised access to the office safe.

We discussed these comments with court staff on November 12, 2004 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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cc: The Honorable Theodore J. Burr, Jr., Judge
Nancy E. Roach, Clerk
Paul Delosh, Director of Technical Assistance
Supreme Court of Virginia
LeAnn Lane, Court Analyst
Supreme Court of Virginia