

**CLERK OF THE CIRCUIT COURT OF
THE COUNTY OF ROCKINGHAM**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2006 THROUGH FEBRUARY 28, 2007**



TABLE OF CONTENTS

	<u>Pages</u>
AUDIT LETTER	1-2
INTERNAL CONTROL AND COMPLIANCE FINDINGS AND AUDITOR'S RECOMMENDATIONS	3
CLERK'S RESPONSE AND CORRECTIVE ACTION PLAN	4



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

September 12, 2007

The Honorable L. Wayne Harper
Clerk of the Circuit Court
County of Rockingham

Board of Supervisors
County of Rockingham

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Rockingham for the period January 1, 2006 through February 28, 2007.

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.

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.

Our audit was more limited than would be necessary to provide assurance on internal controls or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal controls, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

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 certain matters involving internal control and its operation that we consider to be reportable conditions. A reportable condition involves a matter coming to our attention relating to a deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal accountability. The reportable conditions are discussed in the section titled “Internal Control and Compliance Findings and Auditor’s Recommendations.”

The results of our tests of compliance with applicable laws and regulations disclosed an instance of noncompliance that is required to be reported. This instance of noncompliance is discussed in the section entitled “Internal Control and Compliance Findings and Auditor Recommendations.”

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:clj

cc: The Honorable John J. McGrath, Jr. , Chief Judge
Joseph S. Paxton, County Administrator
Robin 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

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND AUDITOR'S RECOMMENDATIONS

The following findings are reportable internal control and compliance matters that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability. The Clerk's response and written corrective action plan to remediate these findings are included as an enclosure to this report.

Improve Accounts Receivable Management

After making significant internal control improvement last year, the Clerk needs to re-establish the processes he had last year to prevent these prior year findings from reoccurring. As we had in the past, the clerk needs to improve procedures for establishing, monitoring and collecting court receivables. Specifically, we found the following.

- The Clerk did not docket unpaid fines and costs as required by Section 8.01-446 of the Code of Virginia in one case for up to eight months that totaled \$1,513. To maximize collection efforts, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket.
- Five of 36 cases tested had the due date improperly calculated as required by Section 19.2-354 of the Code of Virginia.
- The Clerk did not establish accounts receivable totaling \$4,310 for two cases, because he failed to follow the proper procedures for reviewing cases. Financial Management User's Guide, Chapter 9-31-9 requires the staff to review and compare the CMS Cases Concluded with the FMS Receivables Report to ensure that all concluded cases in CMS have a receivable established in FMS.

Proper management of accounts receivables greatly enhances the collection of fines and costs. The Clerk should immediately strengthen the court's procedures to ensure receivables are properly established, monitored and collected.

Monitor and Pay Liabilities Promptly

As with the point above, the Clerk has allowed procedures to slip and therefore failed to properly escheat Unclaimed Restitution as required by Section 19.2-305.1(E) of the Code of Virginia. We noted three accounts totaling \$4,292 available for remittance at June 30, 2006. The Clerk should review all liabilities and outstanding disbursements annually to report and escheat amounts over one year old to the State Treasurer. Failure to monitor liabilities could result in the Clerk being personally liable for interest and penalties for failing to send eligible funds per Section 55-210.26:1 of the Code of Virginia.

Properly Assess Fees

In four of 36 criminal cases tested, we noted assessment errors totaling \$4,923. The Clerk should ensure that staff are assessing and collecting all court costs and fees in accordance with the Code of Virginia.

CLERK'S RESPONSE AND CORRECTIVE ACTION PLAN

We requested that the Clerk provide us a response and corrective action plan. The Clerk informed us, that he would not submit a response or corrective action plan.