



Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

May 8, 2002

The Honorable Thomas D. Frith, Jr.
Chief Judge
County of Montgomery General District Court
1 East Main Street, Suite 201
Christiansburg, VA 24073

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Montgomery General District Court for the period January 1, 2001 through December 31, 2001.

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 a weakness in internal controls that the Clerk needs to address as described below.

Properly Reconcile Bank Account

As noted in our previous two audit reports, the Clerk does not reconcile the bank statement to the court's automated accounting system. The Clerk performs the reconciliation when our auditors start the audit. In most cases the auditors actually find, answer and show the clerk how to resolve and record differences.

The Clerk did not reconcile the account from July 2001 to April 2002. Since a failure to reconcile the bank account and resolve any differences can lead to errors and irregularities going undetected, it is imperative that the Court Clerk possess sufficient understanding of basic accounting procedures to perform the reconciliation.

The Judge should request that the Supreme Court review the Clerk's office operations and recommend a suitable process to resolve this internal control issue. With the information from the Supreme Court, the Judge should then work with the Clerk to eliminate the issue.

The Honorable Thomas D. Frith, Jr.
May 8, 2002
Page Two

We discussed these comments with the Clerk on May 8, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: Honorable John C. Quigley, Jr.
Polly P. Myers, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnne Lane, Court Analyst
Supreme Court of Virginia