

**EDITH K. HOLMES
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF CHARLES CITY**

**REPORT ON AUDIT
FOR THE PERIOD
JULY 1, 2008 THROUGH SEPTEMBER 30, 2009**



TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1
NOTES TO THE STATEMENT	2
CLERK'S RESPONSE AND CORRECTIVE ACTION PLAN	3-4



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

February 26, 2010

The Honorable Edith K. Holmes
Clerk of the Circuit Court
County of Charles City

Board of Supervisors
County of Charles City

Audit Period: July 1, 2008 through September 30, 2009
Court System: County of Charles City

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. 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.

Management's Responsibility

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. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

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:alh

cc: The Honorable Thomas B. Hoover, Chief Judge
John F. Miniclier, County Administrator
Robyn 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

COMMENTS TO MANAGEMENT

We noted the following matters involving internal control and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Properly Account for Manual Receipts

The Clerk failed to adequately track, secure and receipt funds collected using manual receipts. When the automated receipting system is unavailable and manual receipts are used, the clerk must ensure control procedures are in place to safeguard the transactions. The Financial Management System Manual Chapter IX outlines these procedures which include the recording of sequential receipts and receipting immediately upon the return of the system. Failure to follow procedures could lead to revenue loss or fraudulent activity.

We identified one manual receipt, which remained unrecorded and un-receipted for almost one year while the funds remained in a drawer. Proper tracking procedures would have identified the missing receipt. The Clerk should ensure proper controls exist for the use and security of manual receipts.

Properly Record Costs in the Financial Management System

In three of five cases tested, the Clerk failed to record the court-appointed attorney fee for preliminary hearings assessed by the General District Court Judge, which resulted in a \$360 loss to the state. The Clerk should immediately correct her procedures and record all cost in the Financial Management System. The Clerk should correct these errors and recoup the monies for the state.

We noted the following matter involving internal control and its operation that has led or could lead to noncompliance with laws and regulations.

Manage Accounts Receivable

The Clerk failed to adequately monitor the DMV Exceptions Reports which resulted in delinquent accounts not submitted for license suspension. Section 46.2-395 of the Code of Virginia instructs courts to provide for timely submission of delinquent accounts subject to suspension as part of an effective collection process.

This automated process provides reports the Clerk must review to ensure all accounts are included. We noted two accounts remained unresolved for periods up to eleven months. The Clerk should resolve these accounts and submit all delinquent accounts timely.

COMMONWEALTH OF VIRGINIA
COUNTY of CHARLES CITY



CIRCUIT COURT CHARLES CITY COUNTY

Edith K. Holmes, Clerk

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February 22, 2010

Walter J. Kucharski, Auditor
Attention: Katherine St. Lawrence
Senior Specialist / Team Leader Hampton Roads
Audiotr of Public Accounts – Judicial Systems
5575 Campus Drive
Virginia Beach, Virginia 23462

In Re: Audit Period July 1, 2008 Through September 30, 2009

Dear Mr. Kucharski:

In reference to the audit period July 1m, 2008 through September 30, 2009, my response to the comments by the Auditors are as follows:

Manuel Receipts:

We have had a staff meeting to discuss the use of the Manuel Receipt Book and there will be no use of that book without first getting the Clerk's permission. The Deputy Clerks were allowed to use the book before but the Clerk was supposed to be notified when they did that.

Properly Recorded Costs in FMS:

We are going to go back through the criminal cases to make sure all Court Appointed Attorney fees have been assessed to the proper cases.

Management of Accounts Receivables:

I am trying to monitor the Exceptions Report when I do the Report Tran each day. One of the cases that was on the report when checked by the Auditor was paid but had not dropped off the report. I had tried to update the second case as well but I'm still not sure why it was still on the report after the update. In the future I will contact the Judicial Team with The Supreme Court for guidance when I have a problem like that.

Respectfully,

A handwritten signature in blue ink that reads "Edith K. Holmes". The signature is written in a cursive style with a large initial "E".

Edith K. Holmes
Clerk

cc: File