

May 14, 2003

The Honorable James P. Bohnaker  
Clerk of the Circuit Court  
City of Hampton

City Council  
City of Hampton

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Hampton for the period January 1, 2002 to March 31, 2003.

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 Accounts Receivable Management

The Clerk does not properly manage accounts receivable. Specifically, we found the following:

- In 16 of 20 criminal cases tested, the Clerk recorded 13 judgments in the Judgment Lien Index and Imaging System up to five months after final disposition of the case and in three cases, not at all. To maximize collections, staff should properly record all unpaid fines and costs in the Judgment Lien Index and Imaging System without delay in accordance with Section 8.01-446 of the Code of Virginia.
- In 8 of 12 unpaid cases tested, the Clerk did not properly document due date changes as required by Section 19.2-354 of the Code of Virginia or comply with the payment terms as stated in the court order when setting up the receivable accounts in the system. We found that the Clerk alters payment due dates without appropriate supporting documentation. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the court or evidenced by a written payment plan. Court staff should not alter due dates unless they have an established or revised payment agreement so that the defendant understands their obligation to the Court.

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- In 24 of 41 concluded cases tested, the Clerk did not establish a receivable account on the court's automated financial system until we brought it to his attention. The Clerk should establish all receivable accounts immediately upon final disposition. This should help maximize collection efforts thus increasing the collection of court revenues. In addition, the Clerk should consistently review the "Cases Concluded Without Receivables" report to help ensure he establishes receivable accounts in a timely manner.

The Clerk should ensure that court staff possess an appropriate understanding of the accounts receivable process through proper training and supervisor oversight. Proper entry of receivables, accurate due dates, proper and consistent review of accounts receivable reports should strengthen collection procedures and increase the collection of court revenue.

We discussed these comments with the Clerk on May 14, 2003, and acknowledge the cooperation extended to us by the Court during this engagement.

#### AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable Christopher W. Hutton, Chief Judge  
George Wallace, City Manager  
Bruce Haynes, Executive Secretary  
Compensation Board  
Paul Delosh, Technical Assistance  
Supreme Court of Virginia  
Martin Watts, Court Analyst  
Supreme Court of Virginia  
Don Lucido, Director of Technical Assistance  
Supreme Court of Virginia  
Director, Admin and Public Records  
Department of Accounts