

June 14, 2001

The Honorable Stacy L. Stafford  
Clerk of the Circuit Court  
City of Colonial Heights

City Council  
City of Colonial Heights

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Colonial Heights for the period January 1, 2000 through March 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. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

**Continue to Improve Accounting Procedures**

Although, there has been improvement since our last audit, the Clerk still fails to perform accounting procedures in a timely manner. Specifically, we found the following conditions.

- The Clerk failed to properly prepare the annual Unclaimed Property Report as required by Section 55-210.12 of the Code of Virginia. Court records showed that the Clerk had over \$53,355 in property that may be eligible for escheatment to the Commonwealth. The Clerk should review all liabilities and outstanding checks annually and report amounts over one year old to the State Treasurer. When appropriate, the Clerk should also escheat funds to the Commonwealth.
- The Clerk is not following up appropriately on criminal and civil bonds payable. The Clerk holds eight criminal bonds and two civil

bonds totaling \$4,310 that are up to ten years old. The Clerk should review the status of all accounts listed, discuss the appropriateness of holding the bonds with the Judge, and ensure the timely disbursement or escheatment of all bonds.

- The Clerk did not reconcile her bank account for seven months. The Clerk should reconcile the checkbook to the bank statement and the accounting system monthly to ensure she has accurately recorded all transactions. Monthly reconciliations also help reduce the risk of errors and omissions.
- The Clerk and her staff failed to maintain adequate control over liability accounts. We found a total of \$413 in Collection Agent receipts dating from before June 1997. These receipts are unpaid fines and costs that the court received from the collection agent. The Clerk should have applied these collections to individual accounts. We also found a \$60 balance in the Tax Set-Off collections account dating from June 1999. This balance consists of overpayments due to defendants as a result of seized tax refunds. The Clerk should disburse these overpayments to the appropriate defendants.

The Clerk has ultimate responsibility for the office's accounting operations. If the Clerk is going to rely on her staff to perform this work, she must ensure that she and her staff possess an appropriate understanding of the financial management system and the accounting procedures. The Clerk should help her staff receive training to increase their knowledge and understanding of the court's automated systems. The Clerk should review all of their work to determine that they are following accepted accounting practices and performing the work timely.

We discussed these comments with the Clerk on August 17, 2001 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable William R. Shelton, Chief Judge  
Robert Taylor, City Manager  
Bruce Haynes, Executive Secretary  
Compensation Board  
Don Lucido, Director of Technical Assistance  
Supreme Court of Virginia  
Martin Watts, Court Analyst  
Supreme Court of Virginia  
Paul Delosh, Technical Assistance  
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