

**CLERK OF THE CIRCUIT COURT OF  
THE COUNTY OF POWHATAN**

**REPORT ON AUDIT  
FOR THE PERIOD  
JANUARY 1, 2006 THROUGH MARCH 31, 2007**



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# Commonwealth of Virginia

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

**Walter J. Kucharski, Auditor**

August 15, 2007

The Honorable William E. Maxey, Jr.  
Clerk of the Circuit Court  
County of Powhatan

Board of Supervisors  
County of Powhatan

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Powhatan for the period January 1, 2006 through March 31, 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 a reportable condition. 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 condition is discussed in the section titled "Internal Control and Compliance Findings and Auditor's Recommendations."

We do not believe this condition is a material weakness. A material weakness is a significant 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 and go undetected.

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 Thomas V. Warren, Chief Judge  
Carolyn Cios, 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

## 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.

### Properly Escheat Fund

The Clerk did not escheat funds totaling \$4,006 to the State Treasurer in accordance with Section 55-210.12 of the Code of Virginia. When a Clerk cannot locate recipients in ended condemnation cases, the Clerk must escheat these moneys to the State Treasurer.

The Clerk continues to hold \$46,821 in chancery funds dating as far back as 1989. These funds are eligible for escheatment to the State Treasurer as unclaimed property per the Code of Virginia Sections 8.01-602 and 55-210.12E.

The Clerk should escheat all eligible funds to the State Treasurer. Further state practice is that the Clerk should perform an annual review to determine if his office is holding any unclaimed property.

### Improve Accounting Procedures

The Clerk and staff did not assess criminal fees totaling \$13,610 up to nine months after the case concluded. The automated court accounting system provides daily exceptions reports to assist the Clerk and the staff to determine if they have properly assessed all fees. The Clerk and his staff should review daily, the exception reports to ensure they correct errors promptly and assess all fees correctly.

# Circuit Court of Powhatan County

CLERK'S OFFICE  
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(804) 598-5660

ELEVENTH JUDICIAL CIRCUIT  
THOMAS V. WARREN  
PAMELA S. BASKERVILL  
JAMES F. D'ALTON, JR.  
JUDGES

WILLIAM E. MAXEY, JR.  
CLERK

August 13, 2007

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

Attn: Marsha Tedesco

RE: Clerk's Response and Corrective Action Plan  
Audit Period of January 1, 2006 to March 31, 2007

The following are areas in which we were found to need improvement and the Clerk's Corrective Action Plan.

## Properly Monitor and Disburse Liabilities

The Clerk has put into place procedures for contacting recipients of condemnation funds and for remitting these funds to the Virginia Division of Unclaimed Property. He has made a concentrated effort to contact these individuals, and procedures have been set in place for remitting these funds to the Division of Unclaimed Property in a timely fashion. Deputy Clerk Newman has begun reviewing BR-08 Liabilities Report on a monthly basis and will review the BR-16 Unclaimed Property Report at the end of the fiscal year. Due diligence letters have been sent out on all cases reported in the audit and the Clerk is prepared to have these funds remitted to the Virginia Department of Unclaimed Property by November 1, 2007.

The Clerk has also sent due diligence letters for chancery funds that have been held over the one-year time period, and intends to have these monies escheated as unclaimed property by November 1, 2007, as well.

We feel certain that these procedures will effectively remedy any problems with currently held Condemnation or Chancery funds and with any future problems of holding funds longer than necessary.

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Improve Accounting Procedures

The Clerk has again addressed this issue with office personnel and has implemented training and procedures to correct delays in assessing fines and costs in criminal cases. Deputy Clerk Newman will begin to monitor the CR-32 report on a monthly basis to avoid cases ended in CMS with no receivables.

Deputy Clerk Newman has completed updating any existing/current cases that have not been ended in CMS or had been ended and no receivables created in FMS. These cases have been noted both in the file and in the systems' remarks field in order that the APA will not continue to see this as an ongoing problem.

I feel that great strides have been made since our last audit for the period January 1, 2006 to March 31, 2007. We are continuing to train personnel and implement procedures to better improve the efficiency of our office.

Very truly yours,

  
William E. Maxey, Jr., Clerk

WEM/thn