



# Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

May 10, 2004

The Honorable L. Wayne Harper  
Clerk of the Circuit Court  
County of Rockingham

Board of Supervisors  
County of Rockingham

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Rockingham for the period January 1, 2003 through December 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.

## Improper Transfer of Passport Fees

The Clerk improperly transferred passport fees totaling \$75,384.87 to the locality. All fees and commission income generated in the clerk's office, except fees received for performance of services unrelated to office, are subject to the reporting and distribution requirements of the Code of Virginia, Sections 17.1-283 (A) and 17.1-285 (A) respectively. Further, in December 1998 the Attorney General determined that clerks have no authority to transfer passport fee revenue to their local governments. The Clerk must recover the overpaid funds from the locality and immediately submit them to the Commonwealth. Failure to do so would result in the Clerk being personally liable for any improper transfers to the locality.

## Respond To Set Off Match Default Report

The Clerk failed to respond to the Department of Taxation's Set-off Match Default Report as required by Taxation guidelines. The Clerk's lack of response resulted in lost collections totaling more than \$284.

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The Clerk should follow the procedures outlined in the FMS User's Guide, Appendix K-33-1 and promptly respond to all set off notifications to ensure collection of delinquent accounts.

#### Monitor and Disburse Liabilities

As noted in the previous audit, the Clerk does not properly monitor and disburse court liabilities as required by the Code of Virginia and the Financial Management System User's Guide. The Clerk improperly holds more than \$10,100 in criminal and civil bonds and general miscellaneous receipts. This total has increased from the \$6,350 in criminal and civil bonds we cited in last year's audit report.

The Clerk should monitor liability accounts and promptly disburse funds when a case concludes. Failure to monitor liabilities could result in inaccurate reporting to the Commonwealth and excessive delays in disbursement.

#### Improve Accounts Receivable Management

The Clerk should strengthen procedures for establishing, monitoring and collecting the court's receivables. We found the following conditions.

- The Clerk does not review and retain the monthly automated accounts receivable report as required by Section 7-13-3 of the Financial Management System User Guide. We noted two cases totaling \$5,223, which the Clerk did not establish in Financial Management System until ten months after final disposition of the cases. Failure to review these reports could result in inaccurate reporting and lost revenues to the Commonwealth due to the court concluding cases and not establishing proper individual accounts.
- As noted in the previous audit, the Clerk does not record unpaid fines and costs promptly into the court's Judgment Lien Docket. We noted delays from nineteen days to ten months. To maximize the opportunity for the collection of delinquent fines and costs, the Clerk should record judgment lien information without delay as required by Section 8.01-446 of the Code of Virginia

Proper management of accounts receivable greatly enhances the collection of fines and costs. The Clerk should immediately strengthen the Court's procedures to ensure that receivables are properly established, monitored, and collected.

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We discussed these comments with the Clerk on April 15, 2004 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:cam

cc: The Honorable Dennis L. Hupp, Chief Judge  
Joseph Paxton, County Administrator  
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