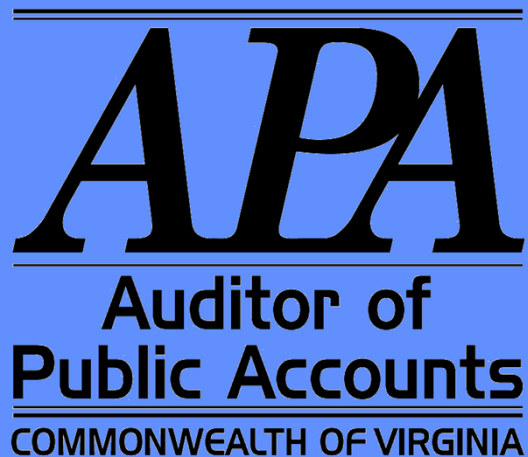


**GERALD A. GIBSON
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF DANVILLE**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 25, 2011

The Honorable Gerald A. Gibson
Clerk of the Circuit Court
City of Danville

City Council
City of Danville

Audit Period: January 1, 2010 through December 31, 2010
Court System: City of Danville

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 a matter involving operational efficiency to bring to management's attention. The matter is discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate this matter provided by the Clerk are included as an enclosure to this report.

The Clerk has taken adequate corrective action with respect to the internal control findings reported in the prior year that are not repeated in this letter.

We discussed this comment 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 Joseph W. Milam, Chief Judge
Joe King, City Manager
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 matter involving operational efficiency that the Clerk may wish to consider.

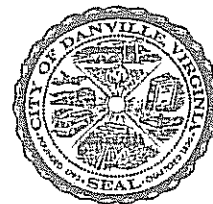
Stop Processing Payroll

The Clerk is processing the payroll for his office instead of allowing the city to perform this function. The city could perform this function more efficiently since it processes payroll for all of its remaining employees. We recommend the Clerk ask the city to process the payroll for his office and return the advance of \$33,500 to the city.



Gerald A. Gibson
Clerk of Circuit Court
City of Danville

P. O. Box 3300
Danville, Virginia 24543
434-799-5168



April 11, 2011

Walter J. Kucharski
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218-1295

RE: Clerk's Response and Corrective Action Plan
Audit Period: January 1, 2010 - December 31, 2010

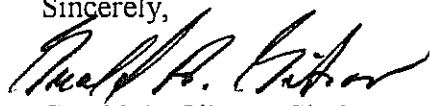
Dear Mr. Kucharski:

The purpose of this letter is to formally address the Comment to Management referenced in your Audit Report for the period referenced above for this Court. Our corrective action plan is stated below.

The Clerk's Office has processed its payroll, as far as we can determine, since 1841 and has not encountered any problems with internal controls. The payroll has been continuously processed with a high level of efficiency. Additionally, there are no restrictions within the Code of Virginia to prohibit the Clerk's Office from managing this process. This office diligently seeks to handle all matters in a manner that is in compliance with the Code of Virginia and provide the best possible service to the citizens of the City of Danville.

The Clerk, however, takes note of the Auditor of Public Accounts' request for consideration of the recommendation. We will discuss the matter with the locality and seek their assistance in this regard.

Sincerely,


Gerald A. Gibson, Clerk

GAG/ash