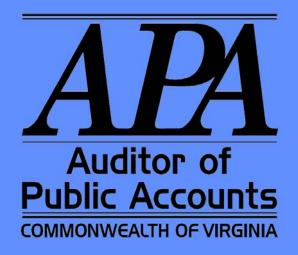
LOIS S. RALSTON CLERK OF THE CIRCUIT COURT OF THE COUNTY OF HIGHLAND

REPORT ON AUDIT FOR THE PERIOD JANUARY 1, 2009 THROUGH MARCH 31, 2010



-TABLE OF CONTENTS-

	Pages
AUDIT LETTER	1
COMMENTS TO MANAGEMENT	2
CLERK'S RESPONSE AND CORRECTIVE ACTION PLAN	3



Commonwealth of Hirginia

Walter J. Kucharski, Auditor

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

June 10, 2010

The Honorable Lois S. Ralston Clerk of the Circuit Court County of Highland

Board of Supervisors County of Highland

Audit Period: January 1, 2009 through March 31, 2010

Court System: County of Highland

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 internal control and its operation necessary to bring to management's attention. The matter is discussed in the section titled <u>Comments to Management</u>. Any response and written corrective action plan to remediate this matter provided by the Clerk are included as an enclosure to this report.

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 Humes J. Franklin, Jr., Chief Judge Roberta Lambert, 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

COMMENTS TO MANAGEMENT

We noted the following matter involving internal control and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

IMPROVE ACCOUNTS RECEIVABLE MANAGEMENT

The Clerk does not have anyone certified on the <u>Integrated Revenue Management System</u> (IRMS) and therefore cannot use the Tax Set-Off program to intercept refunds to pay delinquent fines and cost. Section 58.1-520 of the <u>Code of Virginia</u>, directs that "all state agencies and institutions shall participate in this program." The Clerk should immediately seek certification and have at least one other employee receive this certification. The Tax Set-Off program is an important process in collecting delinquent debts owed to your court.

Lois S. Ralston
Clerk
William K. Ellenburg
Deputy Clerk
Doris Folks
Deputy Clerk



Highland County Circuit Court

165 West Main Street

PO Box 190

Monterey VA 24465

Telephone (540) 468-2447 Facsimile (540) 468-3447

May 18, 2010

Linda Gray 3937 Leaksville Road Luray, VA 22835

Dear Linda,

Bill Ellenburg and I will be contacting the department at IRMS this week so that we both can take the necessary training to be certified on that system.

Sincerely,

Highland County Circuit Court

Leis Ralaton, Clerk

Lois Ralston, Clerk