

June 21, 2002

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 April 1, 2001 through March 31, 2002.

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 (a) weakness(es) in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Properly Manage and Supervise Court Operations

As noted in prior audit reports, the Clerk does not ensure appropriate review and follow-up action in several areas of the Court's operations. The Clerk and her staff do not consistently review the automated financial and accounts receivable reports. Therefore, procedural errors affected several accounting areas, including deposits, liabilities, collections, and unclaimed property. Specifically, we found the following weaknesses.

- The Clerk once again failed to 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 \$5,944 in property potentially eligible for escheatment to the Commonwealth. The Clerk should review all liabilities and outstanding checks annually and report and escheat amounts over one year old to the State Treasurer.

- The Clerk continues to improperly hold eight criminal bonds and three civil bonds totaling \$6,871 that are up to 12 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 continues to maintain inadequate control over liability accounts. As noted in our prior audit, the Clerk continues to hold \$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, which the Clerk should have applied to individual accounts. Additionally, the Clerk continues to carry 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 failed to prepare and enter court orders timely in 27 out of 40 cases tested. The final orders, signed by the Judge, were still not in the case file or the Common Law Order Book up to 15 months after the trial date. The Circuit Court Clerk's Criminal Manual states that the function of a court order is to record what transpired and that the Common Law Order Book will contain all proceedings, orders and judgments of the Court in all matters of common law. As a result of the Clerk's failure, the Common Law Order Book does not contain a timely reference to daily proceedings in the Court. Court orders should be prepared and entered timely to ensure the proceedings of the Court are properly recorded and available for review.
- The Clerk does not appropriately follow up on judgments in Court. We noted one case was to be dismissed contingent upon the defendant's payment of court costs within ten days of trial. The defendant failed to pay as required, yet the final disposition on the case management system remains dismissed with no further action taken over two years later. In another case, the amount due to be disbursed in an ended civil action was stated incorrectly in the court order as \$40 less than the actual amount available. The Clerk disbursed only the amount ordered, and the \$40 balance remains in the Court without any further action by the Clerk up to 14 months later.
- The Clerk does not consistently review the daily automated account status reports, which identify accounts that require corrective action by the Clerk. As a result, the Clerk failed to remit 11 accounts totaling \$969 to the state up to eight months later. The Clerk should immediately remit these funds to the state. In addition, the Clerk failed to properly review eight accounts with potential collections of \$7,656 up to seven years later. These accounts cannot go to collections until the Clerk takes appropriate action.

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- The Clerk did not deposit confiscated drug money into the bank or receipt the funds into the appropriate account code. The Clerk retained \$5,059 in cash in the court's secured file room for up to 21 years. The Clerk should record all monies received by the Court in the accounting system and promptly deposit the money in the bank. Failing to do so increases the risk of a misappropriation of funds.

We recognize the Clerk's efforts to correct findings resulting from our audit, including recording and depositing the confiscated drug money, addressing outstanding court judgments, and disbursing improperly held bonds. The Clerk should take immediate action to correct all findings and properly monitor the office's accounting operations in the future. If the Clerk is going to rely on her staff to perform this work, she should ensure staff have the appropriate training and supervision to perform their duties so that they may comply with state laws and regulations and Supreme Court policies and procedures.

We discussed these comments with the Clerk on June 21, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Michael C. Allen, Chief Judge
Robert Taylor, City Manager
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
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