

**RICHARD W. EDWARDS
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF DICKENSON**

**REPORT ON AUDIT
FOR THE PERIOD
OCTOBER 1, 2008 THROUGH DECEMBER 31, 2009**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 16, 2010

The Honorable Richard W. Edwards
Clerk of the Circuit Court
County of Dickenson

Board of Supervisors
County of Dickenson

Audit Period: October 1, 2008 through December 31, 2009
Court System: County of Dickenson

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 matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

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 Patrick Reynolds Johnson, Chief Judge
Mark S. Vanover, 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 matters 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.

Request Tax Set off Refunds

The Clerk did not request tax set off funds totaling \$3,936 for individuals that owe delinquent court costs and fines as required by Section 58.1-524 (A) of the Code of Virginia. A court must request tax refunds through the Department of Taxation's automated accounting system called the Integrated Revenue Management System (IRMS). We recommend the Clerk properly request tax set off refunds to maximize collections.

Monitor and Disburse Liability Accounts

The Clerk is not properly monitoring and disbursing liabilities as required by Section 19.2-305.1 (F) of the Code of Virginia and the Financial Management System User's Guide. Specifically we found the following:

- The Clerk has not sent eight outstanding payments totaling \$294 to the Criminal Injuries Compensation Fund.
- The Clerk has not disbursed two escrow accounts totaling \$170 for closed cases.

The Clerk should monitor liabilities, perform due diligence, and disburse liabilities on a regular basis. The Clerk should also send unclaimed restitution to the appropriate fund after due diligence procedures to locate the recipients have failed.

Properly Reconcile Bank Account

The Clerk and his bookkeeper do not properly reconcile the bank account. Specifically, we noted the following errors:

- The bookkeeper did not reconcile the bank account for January 2009, November 2009 and December 2009.
- The Clerk and bookkeeper did not sign the monthly bank reconciliation for October 2008 through December 2008 and May 2009.
- The Clerk did not review the monthly bank reconciliation for February 2009 through April 2009 and August 2009 through October 2009.

Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. The Clerk should reconcile system balances to the bank statement monthly and resolve all differences immediately.

Properly Review Access

The Clerk does not properly monitor access to the court's automated information system. The Executive Office of the Supreme Court of Virginia provides a semi-annual report to the Clerk detailing who has access to his automated system. Not properly monitoring the report could compromise the integrity of the system and the data it contains. The Clerk should review access to the court's automated information system semi-annually.

Properly File Annual Report

The Clerk did not file the annual trust fund report with the court as required by Section 8.01-600 of the Code of Virginia. The annual report provides a detailed financial accounting of all trust fund activity in a fiscal year. The Clerk should properly file the annual report with the court as required by the Code of Virginia.



CIRCUIT COURT CLERK'S OFFICE

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Clerk

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Walter J Kucharski, Auditor
Auditor of Public Accounts
Richmond, VA 23218

March 30, 2010

Mr. Kucharski,

Below is our office's comments and action plan in regards to the audit for the period of 10/01/08 thru 12/31/09.

Request Tax Set off Refunds

The Clerk and one other employee plan to take a training course on IRMS so that the Clerk can request tax set off refunds.

Monitor and Disburse Liability Accounts

Restitution liabilities are monitored and disbursed monthly. However, the Clerk and the bookkeeper will monitor the FMS Report BR008 monthly for other liabilities owed.

Properly Reconcile Bank Accounts

The January 2009 bank reconciliation was completed. A journal voucher entry for \$19.36 was entered on 2/17/09 to correct a historical error as well as a journal voucher entry for \$59.18 for bank charges.

The November 2009 and December, 2009 bank reconciliation was completed on February 17, 2010. The Clerk and the bookkeeper recognize the importance of reconciling the bank account monthly, it should be noted that the total amount of the reconciling items for the months of November and December 2009 were \$12.96.

The Clerk does review the bank reconciliation's, but had missed signing the ones noted in the report. The Clerk and bookkeeper will sign the bank reconciliation's monthly.

Properly Review Access

The Clerk will monitor the semi-annual report. It should be noted that there were no personnel changes for the audit period.

Properly File Annual Report

The Clerk became the General Receiver in November 2008. The period ending 6/30/09 was the first year the Clerk was responsible for the Annual Trust Fund Report. A reconciliation of the Trust Funds was completed and filed in the Trust Fund Book in February 2010. In the future, the report will be filed and signed by the Judge as set forth by the Code of Virginia.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard W. Edwards". The signature is fluid and cursive, with the first name "Richard" being more prominent.

Richard W. Edwards, Clerk