



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 9, 2004

The Honorable Caroline Watts
Clerk of the Circuit Court
County of Madison

Board of Supervisors
County of Madison

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Madison for the period October 1, 2002 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, and no material weaknesses in the internal controls. However, we noted noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Collect Taxes and Fees on Wills and Administrations

The Clerk consistently waits until after individuals qualify as executors before opening an estate account and collecting fees and taxes. Section 58.1-1714 of the Code of Virginia requires the Clerk to collect these fees and taxes at the time of qualification. In four of ten wills tested, the Clerk allowed individuals to qualify without collecting the required fee and taxes. These assessments totaled more than \$2,950, which the Clerk did not collect until up to 30 days after probate. The Clerk should assess fees and taxes using the estimated value of the estate at the time of qualification to avoid further delay in collecting state and local monies. Failure to properly assess and collect fees and taxes upon qualification could result in a loss of revenue for the Commonwealth.

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We discussed these comments with the Clerk on February 2, 2004 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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cc: The Honorable Daniel R. Bouton, Chief Judge
Stephen L. Utz, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
Supreme Court of Virginia
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