

February 16, 1999

Ms. Denise Barb
Clerk of the Circuit Court
County of Shenandoah

Board of Supervisors
County of Shenandoah

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Shenandoah for the period July 1, 1996 through March 31, 1998. We conducted our audit in accordance with generally accepted auditing standards.

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.

Investigate and Pay Liability Balances

The Clerk does not investigate and disburse depository bonds and restitution payments promptly as evidenced by \$2,050 in bonds and \$1,927 in restitution payments held by the Clerk dating back to 1994. In most of these cases, there is a court order to pay out these amounts. The Clerk should promptly investigate and disburse bond and restitution amounts promptly in all ended cases. When the Clerk cannot locate the owners of bonds and restitution, she should remit the amounts to the State Treasurer as unclaimed property according to Section 55-210.12 of the Code of Virginia.

Collect Taxes and Fees for Qualifications

The Clerk does not collect taxes before qualifying individuals as an executor or administrator of an estate as required by Section 58.1-1715 of the Code of Virginia. The Clerk prefers to defer collection until the qualifying individual can open an account and make payment from the estate. In 4

of 7 cases tested, the Clerk permitted individuals to qualify and subsequently billed them from 81 days to one year after qualification. The Clerk has a statutory responsibility to collect taxes using the estimated value of the estate before permitting an individual to qualify.

We discussed these comments with the Clerk on March 8, 1999, and we acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Dennis L. Hupp, Chief Judge
Vincent M. Poling, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Martin Watts, Court Analyst
Supreme Court of Virginia
Paul Delosh, Technical Assistance
Supreme Court of Virginia