

February 11, 2000

Thomas R. Williams
Clerk of the Circuit Court
County of Charles City

Board of Supervisors
County of Charles City

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Charles City for the period April 1, 1998 through June 30, 1999.

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 weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Improve Knowledge of Accounting System

The Clerk has difficulty processing routine accounting transactions and resolving errors using court's automated accounting system. Specifically, we found the following conditions:

- Receipts deposited in the wrong bank account
- Deposits coded to the wrong bank account
- Deposits not recorded on the accounting system
- Voided checks not removed from the accounting system

The Clerk may not have sufficient knowledge of the system to properly post transactions and monitor balances. The Clerk must request further training from the Supreme Court such that he and his staff will be able to consistently post transactions accurately. In addition, the Clerk and the staff should perform a self-review of all financial entries before posting them to the general ledger system. A proper review will greatly decrease careless errors and omissions and provide more accurate financial information.

Continue to Improve Receivables Management

Since our last audit, the Clerk has improved management of accounts receivable, but continues to demonstrate weaknesses in establishing, monitoring, and collecting accounts receivable. Specifically, we found the following conditions:

- The Clerk does not consistently notify the defendants of their fines, costs, and fees at the time of final disposition by presenting them with a completed CC-1379 form in court. As a result, the defendants leave the courtroom without knowledge of how much they owe. This significantly decreases the probability of collection.
- The Clerk does not meet the requirement of Code of Virginia Section 46.2-395 which requires that the Clerk mail the DC-225 notice to the defendant as a written statement of the driving privilege suspension for non-payment within 2 days of trial. We noted delays up to 3 months before the defendant received their statement of fines and costs owed and the notice of suspension for failure to pay.
 - The Clerk does not establish an accounts receivable on the accounting system immediately after the final disposition of the case. In 6 of 30 cases tested, the clerk did not set up the accounts receivables for 2 weeks to 2 months after the final disposition. The Clerk should immediately establish receivables to facilitate collection procedures and increase the collection of court revenue.
 - The Clerk does not promptly enter all unpaid fines and costs in the Judgment Lien Docket as required by the Code of Virginia § 8.01-446. In 5 of 9 unpaid cases tested, the Clerk did not enter 2 judgments at all and the remaining cases were entered up to 3 months late. To maximize collections, the Clerk should promptly record all unpaid fines and costs in the Judgment Lien Docket Book.

As noted in our report on our last audit, these weaknesses continue to hinder the collection of state fines, costs, and fees. The Clerk should immediately implement procedures to ensure that receivables are properly established, monitored, and collected.

Maintain a Trust Fund Order Book

The Clerk does not maintain Trust Fund Order Book. While the Clerk has a book in which he records the annual report, he does not maintain any trust fund orders in that book as required by Section 17.1-125 of the Code of Virginia. The Trust Fund Order Book serves as a central record of trust fund activity within the court and must include all reports, orders and decrees concerning moneys received or to be received by general receivers and by clerks.. The Clerk should immediately record all orders along with the annual reports in the designated book.

Properly Monitor and Disburse Liabilities

The Clerk does not monitor inactive civil cases. Code of Virginia §8.01-335 establishes guidelines for removing inactive civil cases from the court's docket after 1, 2, and 3 years of inactivity. The court's docket has thirty-two civil cases which are 3 years or older. Nineteen of these inactive cases are 4 to 10 years old. Many of these inactive cases require a bond; and as the

Clerk removes the cases from the docket, he can disburse the bonds at the direction of the court and reduce his workload to monitor these liabilities. Additionally, these old cases clutter and overstate the court's docket report, which is one of the tools the Compensation Board uses to allocate court funding. The Clerk should immediately identify inactive civil cases, petition the court to remove them from the docket, and refund any bonds. Further, the Clerk should begin to consistently monitor inactive cases.

Similarly, the Clerk does not promptly disburse restitution payments. The Clerk does not have a consistent procedure for reviewing and disbursing these funds. We noted that the Clerk held restitution payments for 2 to 14 months after receipt. The Clerk should ensure that he monitors all restitution payments and disburses collections promptly.

We discussed these comments with the Clerk on February 16, 2000 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom

cc: The Honorable Samuel T. Powell, III, Chief Judge
Kenneth Chandler, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
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Supreme Court of Virginia
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