



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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March 23, 2004

The Honorable Mark A. "Bo" Taylor
Clerk of the Circuit Court
County of Scott

Board
County of Scott

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Scott for the period January 1, 2003 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 instances of noncompliance with applicable laws, regulations, and policies. However, we noted weaknesses in internal controls that the Clerk needs to address as described below.

Improve Accounts Receivable and Delinquent Account Management

The Clerk should improve the office's procedures for managing accounts receivables and delinquent accounts. Specifically, we noted the following:

- In eight unpaid cases tested, we noted that the Clerk failed to record the final disposition and related fines and costs in the court's automated system even though the cases had concluded as far back as June 2003. In another five cases, the Clerk delayed recording case information in the system for up to 27 days.

- The Clerk did not record judgments in the Judgment Lien Index and Imaging System timely. In 14 of 28 unpaid cases tested, the Clerk either never recorded or delayed recording judgments for up to 28 days after trial.
- The Clerk did not properly enter the correct due date information in the automated financial system for accounts with payment agreements. As a result, six of ten accounts tested that had become delinquent because of the wrong due date were not reported to the Department of Motor Vehicles for driver's license suspension. We found the accounts had been delinquent for periods of up to one year. Since license suspension is an effective tool for collecting delinquent fines and costs, the Clerk should promptly report delinquent accounts. The Clerk should enter correct payment agreement information in the automated system so that when accounts become delinquent, the system can automatically report the accounts to Motor Vehicles for timely license suspension.

Effective accounts receivable and delinquent accounts management are very important elements of the overall collection effort. The Clerk should establish accounts receivable in the automated system promptly, record judgments without delay, and properly manage account payment agreements.

Properly Reconcile Bank Account

The Clerk did not reconcile the bank account to the court's automated financial system from July 2003 to December 2003 as required by the Financial Management System User's Guide. The Clerk did not agree the checkbook balance to the financial management system; did not resolve any differences, and did not ensure these balances agreed to the bank statement balance. As of our audit date, there remain differences between the bank statement, the checkbook, and the system balances. The Clerk should immediately reconcile the bank account to the Court's financial management system and resolve any differences. Failure to reconcile the bank account monthly and resolve all differences can lead to errors and irregularities going undetected.

Monitor and Pay Liabilities Promptly

The Clerk does not monitor liabilities held by the Court to ensure prompt disbursement of funds in ended cases as required by the Financial Management System User's Guide. We noted the Clerk held \$1,466 in garnishment funds and \$8,953 on an ended civil case from three to eight months with no action to pay out these funds. The Clerk should monitor liability accounts and promptly disburse funds when a case concludes. Failure to monitor liabilities could result in inaccurate reporting to the Commonwealth and excessive delays in disbursements.

We discussed these comments with the Clerk on February 26, 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 J. Robert Stump, Chief Judge
John Strutner, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
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