

April 22, 2002

The Honorable Benjamin O. Scott  
Clerk of the Circuit Court  
City of Petersburg

City Council  
City of Petersburg

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Petersburg for the period January 1, 2001 through December 31, 2001.

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 :

#### Provide Proper Oversight and Training

The Clerk's staff does not have a sufficient understanding of many of the court's automated accounting procedures. Further, the Clerk does not provide adequate oversight or supervisory review over daily operations. Unknowledgeable staff and inadequate supervisory review result in significant errors and omissions in many areas of the Clerk's office operations. Specifically, we found the following errors:

- Staff improperly deleted eleven condemnation accounts from the case management system that continue to have receivables totaling \$41,680 in the financial management system. Additionally, staff improperly classified \$8,535 of these condemnation funds as escrow accounts in the court's automated system.
- Staff failed to properly invest and record a \$10,000 trust fund account as required by Code of Virginia, Section 8.01-600 (F) by improperly receipting the funds into a general escrow account and depositing the money into the court's operating account. Because the Clerk is personally liable for any loss of income from failing to invest trust funds within sixty days, he should immediately invest the funds.

- Staff did not prepare, file and record an annual report of money under control of the court in accordance with Section 8.01-600 of the Code of Virginia. The Clerk should immediately implement procedures to submit the annual report to the judge by October 1 of each year and properly record it in the Trust Fund Order Book, which serves as a central record of trust fund activity within the court.
- Staff improperly placed an account receivable under review status in the court's automated system. As a result, there were no collection efforts initiated on the \$11,155 in fines and costs assessed in the case that remain unpaid since 1999.
- As noted in the prior audit report, staff continues to improperly assess and enter inappropriate court costs and fees in the automated system, by either over or under assessing several different items in 6 of 50 cases tested. In one case, staff removed an assessment from the automated system without supporting documentation. The Clerk should institute procedures to preclude the overpayment of fines and costs by some and underpayments by others.
- Staff does not properly or promptly disburse court funds. In one instance, the Clerk disbursed a \$122 overpayment to the wrong defendant, and has only recovered \$20. Additionally, staff failed to escheat \$955 in outstanding disbursements to the State as required by §55-210.12 of the Code of Virginia. The Court also continues to improperly hold civil bonds totaling \$572 from three cases that concluded up to three years ago. Finally, staff did not remit \$123 in unidentified funds to the State as recommended in the prior audit. The Clerk continues to hold these funds in the Court two years later.
- Staff incorrectly recorded a \$100 fine for a contempt of court charge as a law deposit when it should have been recorded as a state or local fine. The Court continues to improperly hold these funds as a law deposit nearly three years later. The Clerk should reclassify these funds as a fine and properly disburse the amount to the state or local government.
- We found two cases where staff did not update defendants' accounts with attorney fees for up to 11 months after receiving notice of the fees from the higher court. Failure to promptly enter and notify the defendants of additional costs prevents timely collections of fines and costs.

As the Clerk has ultimate responsibility for the office's accounting operations, he should ensure that his staff possesses an appropriate understanding of the court's automated systems and proper bookkeeping procedures. The Clerk should coordinate training for his staff to increase their knowledge and understanding of accepted accounting practices and the court's automated system processes. The Clerk should perform reviews of staff work on a daily basis to ensure that the court personnel are adhering to accepted accounting practices, performing their work properly and timely, and regularly resolving all exceptions.

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We discussed these comments with the Clerk on April 22, 2002 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK/cam

cc: The Honorable Thomas V. Warren, Chief Judge  
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