



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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March 8, 2001

The Honorable Philip V. Daffron
Chief Judge
County of Chesterfield General District Court
PO Box 144
Chesterfield, VA 23832

As part of our audit of the Virginia District Court System, we have audited the cash receipts and disbursements of the County of Chesterfield General District Court for the period October 1, 1999 through December 31, 2000.

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.

Ensure Accounting Staff is Properly Trained

As noted in our previous audit, the bookkeeper still does not fully understand the accounting procedures for the court's automated financial management environment. Therefore, procedural errors affected several accounting areas, including bank reconciliations and accounts receivable. We found the following types of problems:

- The bookkeeper does not reconcile the bank account properly because she does not understand how to resolve differences between the monthly bank statement and accounting system cash balances. Proper bank reconciliations include identifying and resolving differences between the bank balance and the system's cash balance. Monthly bank reconciliations are essential for determining the proper recording of all transactions and detecting errors.
- The bookkeeper does not understand how to properly update and modify accounts receivable information on the automated system. In four of nine cases tested where the bookkeeper entered updates or modifications to the defendant's account, the bookkeeper entered incorrect information and the change created a credit

balance. These incorrect credit balances result in an inaccurate reflection of the court's receivables in the system.

The Clerk has ultimate responsibility for the office's accounting operations. The Clerk should review all of the bookkeeper's work to determine that she is following accepted accounting practices, performing the work timely, and regularly resolving all differences. In the future, when the bookkeeper cannot reconcile the account, she should apprise the Clerk of the problem. If necessary, the Clerk should promptly seek assistance from the Supreme Court and consider additional training.

We discussed these comments with the Clerk on March 8, 2001 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 Robert D. Laney, Judge
The Honorable Thomas L. Murphey, Judge
Carlton L. Hudson, Clerk
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
LeAnne Lane, Court Analyst
Supreme Court of Virginia