

August 20, 2002

The Honorable C. Bishop Knott, Jr.
Clerk of the Circuit Court
County of Prince George

Board of Supervisors
County of Prince George

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Prince George for the period April 1, 2001 through March 31, 2002.

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 needs to strengthen the court's accounting procedures to include providing adequate oversight and supervisory review over daily operations. We found the following conditions.

- Staff did not properly invest and record a \$10,084 trust fund account as required by Section 8.01-600 (F) of the Code of Virginia. The court order, dated July 2001, required the Clerk to invest funds, but instead, staff deposited the funds into the court's non-interest bearing operating account. The Clerk may be personally liable for interest lost for failing to invest the funds within 60 days of the order. The Clerk immediately invested these funds after we brought this oversight to his attention.

- The Clerk improperly held \$30,681 in local and state collections since July 2000 since staff entered the wrong transaction codes in the court's automated system. The Clerk should immediately remit these funds to the proper authorities. Additionally, had the Clerk done the required reconciliations and account reviews each month, he would have promptly identified these errors.
- The Clerk failed to disburse or escheat \$11,283 in escrow and reserved accounts for up to 11 years. The Clerk should contact the appropriate parties involved in these cases and properly disburse or escheat the funds as needed.
- The Clerk does not consistently monitor inactive civil cases. Section 8.01-335 of the Code of Virginia establishes guidelines for removing inactive civil cases from the court's docket after one, two, and three years of inactivity. The court's docket has 51 civil cases over five years old. In addition, three of five cases tested were between 11 and 13 years old and actually closed. The Clerk should have removed these cases from the court's docket. 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 and petition the court to remove them from the docket. Further, the Clerk should ensure that staff properly and promptly address existing court orders on these old cases.
- Staff do not properly establish due dates as required by section 19.2-354 of the Code of Virginia. We noted that court staff routinely alter the due dates without appropriate documentation. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the court or evidenced by a written payment plan. Court staff should not alter due dates unless they have an established or revised payment agreement.

The Clerk has ultimate responsibility for the office's accounting operations and should ensure that his staff possesses an appropriate understanding of the court's automated systems and proper bookkeeping procedures. The Clerk should also perform reviews of staff work 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 August 20, 2002 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

cc: The Honorable Robert G. O'Hara, Jr., Chief Judge
John Kines, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Don Lucido, Director of Technical Assistance
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