

January 9, 2002

The Honorable Caroline Watts
Clerk of the Circuit Court
County of Madison

Board of Supervisors
County of Madison

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Madison for the period July 1, 2000 through September 30, 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; and no material weaknesses in the internal controls. However, we noted noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Collect Taxes and Fees for Qualifications

As noted in our prior audit, the Clerk does not collect the state and local probate tax and applicable clerk's fees when qualifying an individual as an executor or administrator of an estate as required in Sections 58.1-1715 and 17.1-275A(2) of the Code of Virginia. In five of 10 wills tested, the Clerk collected taxes and fees after probate. The Clerk indicates that she prefers to defer collection until the qualifying individual can open an account and make payment from the estate. The Clerk has a statutory responsibility to collect taxes using the estimated value of the estate before permitting an individual to qualify as an executor or administrator of an estate.

We discussed these comments with the Deputy Clerk on January 9, 2002 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:whb

cc: The Honorable Edward L. Hogshire, Chief Judge
 Stephen L. Utz, County Administrator
 Bruce Haynes, Executive Secretary
 Compensation Board
 Don Lucido, Director of Technical Assistance
 Supreme Court of Virginia
 Martin Watts, Court Analyst
 Supreme Court of Virginia
 Paul Delosh, Technical Assistance
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TO: Caroline Watts, Clerk of the Circuit Court

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FROM: Carol MacVaugh, Court Audit Supervisor

DATE: Friday, January 25, 2002 TIME: 11:11 AM

Number of pages including cover page:

CONFIDENTIAL FOR: Caroline Watts, Clerk

MESSAGE: Enclosed is a **DRAFT COPY** of our audit report. We previously discussed these findings with you during the audit. We are providing this draft copy to afford you an additional opportunity to comment before we finalize the report.

It is important that you call me at (804)-225-3350 x335 by Tuesday, January 22, 2001 if you have items for discussion. Otherwise, we will issue the report as shown. Thank you for your time.