

**PEGGY WALTON  
CLERK OF THE CIRCUIT COURT  
OF THE  
COUNTY OF MIDDLESEX**

**REPORT ON AUDIT  
FOR THE PERIOD  
OCTOBER 1, 2008 THROUGH DECEMBER 31, 2009**



–TABLE OF CONTENTS–

	<u>Pages</u>
AUDIT LETTER	1
COMMENTS TO MANAGEMENT	2
CLERK’S RESPONSE AND CORRECTIVE ACTION PLAN	3



# Commonwealth of Virginia

Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

**Walter J. Kucharski, Auditor**

May 5, 2010

The Honorable Peggy Walton  
Clerk of the Circuit Court  
County of Middlesex

Board of Supervisors  
County of Middlesex

Audit Period: October 1, 2008 through December 31, 2009  
Court System: County of Middlesex

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. 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.

## Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

We noted matters involving internal control and its operation necessary to bring to management's attention. These matters are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these matters provided by the Clerk are included as an enclosure to this report.

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

AUDITOR OF PUBLIC ACCOUNTS

WJK:alh

cc: The Honorable Thomas B. Hoover, Chief Judge  
Charles Culley, County Administrator  
Robyn M. de Socio, Executive Secretary  
Compensation Board  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia  
Director, Admin and Public Records  
Department of Accounts

## COMMENTS TO MANAGEMENT

We noted the following matters involving internal control and its operation that have led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

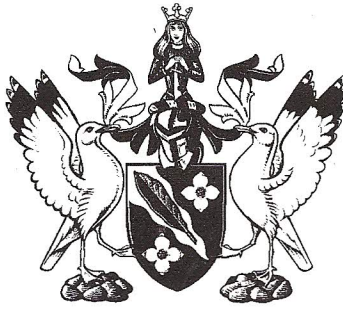
### Post Interest to Trust Fund Accounts

The Clerk holds only one trust account; however, we noted that three times during the year the Clerk posted interest up to three months late and there were two missing bank statements. The Clerk should ensure she posts all interest on a monthly basis and retains all bank statements as outlined in the Trust Fund Administration Manual.

### Improve Debt Set-Off Procedures

The Clerk failed to certify and finalize four accounts in the Department of Taxation's automated accounting system, also known as the Integrated Revenue Management System (IRMS), as required by Section 58.1-521 of the Code of Virginia and procedures set forth by the Department of Taxation, resulting in a loss to the Commonwealth of \$457. During the month of February 2009, the Clerk allowed her password to expire and these accounts defaulted before she obtained a new password. The Clerk should make every effort to assist in the collection of fees, fines, and other costs on behalf of the local government and the Commonwealth of Virginia.

R. BRUCE LONG, Judge



PEGGY W. WALTON, Clerk  
LYNN L. DUNLEVY, Deputy  
SHERI H. BLAKE, Deputy

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## County of Middlesex Circuit Court

73 BOWDEN ST.  
P.O. BOX 158  
SALUDA, VIRGINIA 23149

May 3, 2010

Commonwealth of Virginia  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Re: Audit

Dear Sir:

I concur with the findings of the letter from the Auditor of Public Accounts dated April 19, 2010.

My corrective action is to make sure that we post interest on a monthly basis and to make sure my password does not expire with the Department of Taxation.

I know this is not an excuse, but with being shorthanded, there are circumstances that require our immediate attention, and therefore, some of our other responsibilities get overlooked.

I did try to set my password with the Department of Taxation, but gave up after several attempts to get through with no avail.

We are now hiring an office clerk that will help us to get back on track.

Sincerely,

A handwritten signature in blue ink that reads "Peggy W. Walton". The signature is written in a cursive, flowing style.

Peggy W. Walton,  
Clerk