

**SHARON BRADEN
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF CRAIG**

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



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Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

February 5, 2010

Sharon Braden
Clerk of the Circuit Court
County of Craig

Board of Supervisors
County of Craig

We have audited the cash receipts and disbursements as well as the accompanying Statement of Assets and Liabilities of Peggy Bostic, former Clerk of the Circuit Court of the County of Craig for the period October 1, 2008 through December 31, 2009. The purpose of auditing the statement was to determine the accountability of the former Clerk at December 31, 2009, and to turn over the assets, accounts, and records of the office to Sharon Braden, the newly appointed Clerk of the Circuit Court.

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. Our responsibility is to express an opinion on the statement based on our audit.

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.

Financial Matters

We noted instances of improper recording and reporting of financial transactions in the Court's financial management system.

Internal Controls

We noted matters involving internal control and its operation necessary to bring to management's attention.

Compliance

The results of our tests of compliance with applicable laws and regulations disclosed instances of noncompliance that are required to be reported.

The issues identified above are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these issues provided by the Clerk are included as an enclosure to this report.

As described in Note 1, this statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting is prescribed by the State Comptroller and approved by the Auditor of Public Accounts as it is deemed the appropriate method of reporting by Clerks of the Circuit Court.

In our opinion, the statement referred to above presents fairly, in all material respects, the assets and liabilities of the Clerk of the Circuit Court of the County of Craig as of December 31 2009, on the basis of accounting described in Note 1.

We acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:clj

cc: The Honorable Humes J. Franklin, Jr., Chief Judge
Richard Flora, County Administrator
Paul DeLosh, Director of Judicial Services
Supreme Court of Virginia

COMMENTS TO MANAGEMENT

Properly Reconcile Bank Account

As noted in the previous audit, the Clerk did not reconcile the bank account. The bank account has not been properly reconciled since November 2008 when the Office of the Executive Secretary of the Supreme Court of Virginia assisted the Clerk and reconciled her bank account from June 2007 to November 2008. Specifically, auditors noted the following issue, which also affected the Clerk's ability to manage and disburse liabilities.

- The Clerk overpaid Clerk's fees to the Commonwealth totaling \$7,150.

Subsequent to our audit, the appointed Clerk requested a refund from the Commonwealth. We recommend the appointed Clerk request training from the Office of the Executive Secretary of the Supreme Court in reconciling the bank account. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds. The Clerk should reconcile system balances to the bank statement monthly and resolve all differences immediately.

Properly Reconcile Hunting and Fishing Sales

As noted in the prior year audit, the Clerk is not properly reconciling her hunting and fishing licenses fees to the total sales per the Department of Game and Inland Fisheries. The Clerk recorded all calendar year 2009 disbursements totaling \$14,478 in December 2009. At the conclusion of our audit, the Clerk has an unidentified difference of \$82 in the court's automated accounting system. The Clerk should resolve all differences immediately when she reconciles the system balance to the monthly invoice from the Department of Game and Inland Fisheries. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and increases the risk of loss of funds.

Remit State Monies Promptly

As noted in the prior year audit, the Clerk delayed sending state monies to the Commonwealth as required by Section 2.2-806(B) of the Code of Virginia. Specifically, the auditor noted the following errors.

- In 15 of 47 weeks tested, the Clerk did not make a weekly remittance for state collections received in the circuit court. The Clerk made one remittance in September 2009 and one in November 2009.
- In 18 of 47 weeks tested, the Clerk did not make a weekly remittance for state collections received from the Combined District Court Clerk's office. The Clerk held one remittance totaling \$1,310 up to five weeks and two remittances totaling \$1,566 up to four weeks.

The Clerk should remit state monies as required by the Code of Virginia.

Request Tax Set Off Refunds

As noted in the prior year audit, The Clerk did not request tax set off refunds totaling \$205 for individuals that owe delinquent court costs and fines as required by Section 58.1-524 (A) of the Code of Virginia. A Court must request the tax refunds through the Virginia Department of Taxation's automated accounting system called the Integrated Revenue Management System. We recommend the Clerk properly request tax set off refunds to maximize collections.

COUNTY OF CRAIG
CLERK OF THE CIRCUIT COURT
STATEMENT OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2009

ASSETS

Cash and Cash Equivalents	\$ 9,166
Refund Due from the Commonwealth	<u>7,150</u>
Total	<u>\$16,316</u>

LIABILITIES

Due to the Commonwealth of Virginia	\$ 7,869
Due to the County of Craig	2,040
Collections for others	6,357
Depository bonds	<u>50</u>
Total	<u>\$16,316</u>

The accompanying Notes to the Statement are an integral part of this statement.

COUNTY OF CRAIG

CLERK OF THE CIRCUIT COURT

NOTES TO STATEMENT

AS OF DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

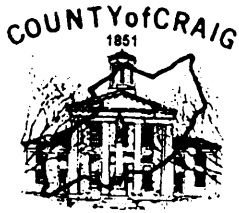
The Clerk of the Circuit Court is an elected constitutional officer who administers the County of Craig's court of record. The Circuit Court is where individuals file documents requiring formal recording by law to include deeds, wills, marriage licenses and various other documents. The Circuit Court has exclusive original jurisdiction in all felony criminal cases, in civil chancery, and civil cases where the amount exceeds \$15,000. It also hears appeals from district courts.

Basis of Accounting

The statement is prepared using the cash basis of accounting, which records cash receipts when received and disbursements when made.

2. SURETY BOND

In accordance with Sections 2.2-1840 and 2.2-1841, Code of Virginia, the Clerk was bonded under a Public Officials Position Schedule Bond in the amount of \$500,000 with the Fidelity and Deposit Company of Maryland and through a self-insurance plan administered by the Virginia Department of Treasury's Division of Risk Management as sureties.



SHARON K. BRADEN

CLERK, CIRCUIT COURT OF CRAIG COUNTY

P.O. BOX 186

NEW CASTLE, VIRGINIA 24127

TELEPHONE (540) 864-6141

FAX (540) 864-7471

KATHY A MARTIN

DEPUTY CLERK

January 29, 2010

Walter J. Kucharski
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218-1295

Dear Mr. Kucharski,

I would like to respond to the turn over audit that your office did for the period of October 1, 2008 through December 31, 2009. First of all, I would like to thank your auditors for all of their help during the audit and for spending the extra days at the office until all the issues were found and we had solutions for the problems.

As you know, I am the newly appointed Clerk of Craig County Circuit Court and I will be responsible for the office until the special election November 2, 2010. I will run for this office at that time. I have read the audit report and would like to advise you where I stand at this time in fixing some of the problems.

First, "Properly Reconcile Bank Account," the first part of the year I worked with Dave Odell at the Supreme Court in Richmond. Mr. Odell spent an enormous amount of time once again reconciling the bank account to balance with the FMS system. There have been numerous calls and emails after the trip to correct the problems and as of January 28, 2010 I have balanced to the penny in FMS and the Bank Account.

On January 27, 2010 the check was received from the Commonwealth totaling \$7,150.00 and has been deposited in the appropriate codes. The hunting and fishing account still has an overage of \$82 and that will be adjusted and taken care of when I receive the bank statement for January, 2010 and it is reconciled, the Department of Game and Inland Fisheries electronically withdraw their funds so I will need to see what they withdraw and match it to my sales for the months of January.

The remittance of state collections from Combined District Court and from our Court are being done weekly and if we have collected large amounts over the week they are done twice a week and will continue to be done in a prompt manner and as required by the Code of Virginia.

In reference to tax set off refunds I am also in the process of signing up for a class and will be able to request tax set-off refunds.

In closing, I would like to say that the office is moving forward in correcting several problems from the previous administration and I am working towards improving internal controls as well as bringing new technology into the office and as always providing the best customer service to the public and most importantly my County.

Once again I would like to extend my thanks for all the help and support by your staff during this audit.

If you have any questions or concerns please contact me at 540-864-6141.

Sincerely,

A handwritten signature in black ink that reads "Sharon K. Braden, Clerk". The signature is fluid and cursive, with the last name "Braden" being the most prominent part.

SHARON K. BRADEN, CLERK
CRAIG COUNTY CIRCUIT COURT

Cc: file