



**STUART B. FALLEN
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF CHARLOTTE**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2012 THROUGH DECEMBER 31, 2013**

COMMENTS TO MANAGEMENT

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

Control Access to Integrated Revenue Management System

The Clerk does not have adequate internal controls over access to the Virginia Department of Taxation's Integrated Revenue Management System (IRMS). During the audit, it was noted that two employees were sharing one password. It is critical that each user has a unique password and user ID to provide accountability and integrity over the information within the automated system. The Clerk should ensure that all staff have proper authorization to access IRMS and that they are not sharing passwords.

Improve Daily Reconciliation Procedures

In three of five days tested in which receipts were voided, the Clerk and his staff did not complete the daily cash reconciliation worksheet. The worksheet reconciles the cash receipt totals for the day to the court's actual bank deposit. Daily reconciliations are an essential internal control to ensure that amounts recorded as collections in the court's financial system agree to what was actually deposited in the bank. In addition, voided transactions pose an increased risk for fraudulent activity and, as such, must be closely monitored and reviewed. The Clerk and his staff should complete the daily cash reconciliation worksheet each day as required by the Financial Management System User's Guide.

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Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 27, 2014

The Honorable Stuart B. Fallen
Clerk of the Circuit Court
County of Charlotte

Nancy R. Carwile, Chairman of the Board
County of Charlotte

Audit Period: January 1, 2012 through December 31, 2013
Court System: County of Charlotte

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

MSM:alh

cc: The Honorable Leslie M. Osborn, Chief Judge
Russell B. Clark, Jr., 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



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OFFICE OF
Clerk of Circuit Court

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P.O. Box 38

STUART B. FALLEN, Clerk
CHARLOTTE COURT HOUSE, VIRGINIA 23923
434-542-5147
FAX 434-542-4336

DEPUTY CLERKS:
Nan R. Colley
Annette F. Clowdis

February 11, 2014

Mrs. Laurie Hicks
Audit Director
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218

Dear Mrs. Hicks:

In response to your email, I offer the following:

Control Access to Integrated Revenue Management System; the new password was obtained prior to the departure of the auditor.

Improve Daily Reconciliation Procedures; the daily sheets are to be reviewed by at least two people before coming to the Clerk for signature.

Sincerely,

Stuart B. Fallen, Clerk

SBF/nrc