

**REPORT ON
CLERK OF THE CIRCUIT COURT
of the
COUNTY OF WASHINGTON, VIRGINIA
KATHY P. CRANE**

**FOR THE PERIOD
OCTOBER 1, 2003 THROUGH DECEMBER 31, 2004**

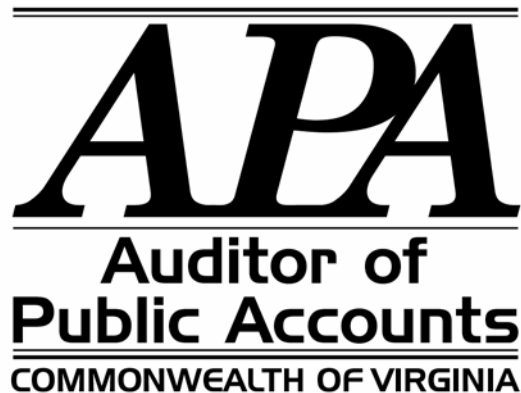


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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

May 19, 2005

The Honorable Kathy P. Crane
Clerk of the Circuit Court
County of Washington

Board of Supervisors
County of Washington

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Washington for the period October 1, 2003 through December 31, 2004.

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.

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.

Our audit was more limited than would be necessary to provide assurance on internal controls or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal controls, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

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 a certain matters involving internal control and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to a deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal

accountability. The reportable conditions are discussed in the section titled “Internal Control and Compliance Findings and Auditor’s Recommendations.”

We do not believe these conditions are material weaknesses. A material weakness is a significant deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal accountability and go undetected.

The results of our tests of compliance with applicable laws and regulations disclosed an instance of noncompliance that is required to be reported. This instance of noncompliance is discussed in the section entitled “Internal Control and Compliance Findings and Auditor Recommendations.”

We discussed these comments with the Clerk on May 19, 2005 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:slb

cc: The Honorable C. Randall Lowe, Chief Judge
Mark K. Reeter, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND AUDITOR'S RECOMMENDATIONS

The following findings are reportable internal control matters that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability. The Clerk's response and written corrective action plan to remediate these findings are included as an enclosure to this report.

Properly Assess Criminal Fees

The Clerk and her staff did not properly assess fees in criminal cases in accordance with the Code of Virginia. In 11 of the 21 criminal cases tested, we found numerous assessment errors totaling \$5,703.

The Clerk agreed to review the criminal cases we tested and correct the errors. The Clerk should train staff in the proper assessment of court costs and fees. Using the Supreme Court's current fee schedules and when practical, attending their periodic regional training meetings can help keep court staff abreast of changes in costs and fees. Failure to properly assess fees may result in loss of revenue for the Commonwealth.

Promptly Receipt and Deposit Collections

As noted in our previous audit, the Clerk continues to delay receipting collections after receiving the case from the District Court. In nine of 15 appealed cases tested, collections were receipted up to 10 business days after the case was received.

The Clerk and her staff should receipt all collections into the financial management system promptly in accordance with the Code of Virginia, Section 17.1-271. The Clerk's failure to promptly receipt collections may result in inaccurate reporting of monies held by the Court and could result in a loss of revenue for the Commonwealth.

CLERK
Kathy P. Crane

COUNTY OF WASHINGTON
CIRCUIT COURT CLERK'S OFFICE
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June 3, 2005

Marsha M. Tedesco
Audit Manager – Judicial Systems Specialty
Office of the Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218-1295

Dear Ms. Tedesco:

Re: Draft Report

Pursuant to Item 66, paragraph I. of the 2004 Appropriations Act, I am submitting my corrective plan for the Internal Control and Compliance Findings with regard to my recent audit. I am also setting out some explanation as to those findings.

Properly Assess Criminal Fees. The person primarily responsible for assessing criminal fees, or someone from this office, will attend all User Meetings in an effort to be fully informed as to all current fees. We will take advantage of the FMS User's Guide when a question arises.

By way of explanation, in mid-December, 2003, my Chief Deputy took combined vacation/sick leave. She had surgery on her neck and then retired at the end of March. During this three and one-half month period, we were short one staff person and three of us were attempting to do the work of four. The time period included opening a new term of court. Because we were spread so thin, perhaps the accounting clerk was not given enough in-depth training as to assessing the criminal fees.

Promptly Receipt and Deposit Collections. The person responsible for receipting the cases from District Court is the last person employed in this office, so she apparently did not understand the importance of receipting these funds as soon as possible. This fact has been reiterated to her and she understands that if she is going to be out of the office, she should make arrangements for someone else to receipt the funds.

Marsha M. Tedesco

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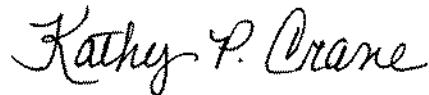
May 25, 2005

The staff has been apprised of the findings of the audit and the recommendations made by Sue Goodpasture. The importance of complying with all procedures has again been stressed to each staff person.

I would like to take this opportunity to tell you that it is a pleasure to work with Sue. She is very courteous and efficient.

If you have any questions, please contact me.

Sincerely yours,

A handwritten signature in cursive script that reads "Kathy P. Crane".

Kathy P. Crane