

**THE CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF SHENANDOAH**

**REPORT ON AUDIT
FOR THE PERIOD
OCTOBER 1, 2005 THROUGH SEPTEMBER 30, 2007**



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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

January 27, 2008

The Honorable Denise F. Barb
Clerk of the Circuit Court
County of Shenandoah

Board of Supervisors
County of Shenandoah

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Shenandoah for the period October 1, 2005 through September 30, 2007.

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 certain matters involving internal control and its operation that we consider to be significant deficiencies. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Court's ability to initiate, authorize, record, process, or report financial data reliably such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The significant deficiencies 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 that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Court's internal control.

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 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:clj

cc: The Honorable John J. McGrath, Jr., Chief Judge
Vincent E. Poling, 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

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND AUDITOR'S RECOMMENDATIONS

The following findings are significant 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.

Monitor and Disburse Liabilities

The Clerk does not properly monitor and disburse Court liabilities as required by the Code of Virginia.

Specifically we noted the following:

- Unclaimed Property reports are not reconciled in a timely manner, nor submitted to the State Treasurer in accordance with Code of Virginia, Section 55-210.12E.
- The Clerk did not research and disburse restitution balances for \$165,217; criminal bonds for \$8,000; and civil bonds for \$9,094.

The Clerk should monitor liability accounts and promptly disburse funds when a case concludes. Failure to monitor liabilities results in excessive delays in distribution of these monies and inaccurate reporting to the Commonwealth.

Send Clerk's Fees to the State

The Clerk over remitted \$31,590.88 in copy fees to the locality from November 2005 through September 2007. Section 15.2-1656 of the Code of Virginia requires localities to provide office equipment and other reasonable items to the Circuit Court Clerk's office, including copy machines. Section 17.1-275A (8) of the Code of Virginia allows the Clerk to reimburse a locality for the costs of making a copy, including lease and maintenance agreements; however, does not allow a Clerk to reimburse a locality for purchasing office equipment.

The Clerk must recover the overpaid funds from the locality and immediately submit them to the Commonwealth.

We also recommend that the Clerk establish in the Court's accounting system an accounts receivable for monies due from the County and a corresponding liability to the Commonwealth for amount due. Lastly, we recommend that she file an amended fee report for the amount due the Commonwealth with the Compensation Board.



SHENANDOAH COUNTY CIRCUIT COURT

112 South Main Street, P.O. Box 406
Woodstock, VA 22664

Phone: (540) 459-6150 • Fax: (540) 459-6155

DENISE F. BARB, CLERK

Written Corrective Action Plan

February 11, 2008

Monitor and Disburse Liabilities:

Non-compliance with the findings found in the auditors report has been in large part due to lack of adequate personnel to keep up with all the activities required in this office. January 2, 2008 we finally were allowed to fill a vacant position and that person, since her hire, has been pulling criminal files and investigating the whereabouts of victims to pay any and all outstanding restitution owed.

In reviewing outstanding criminal bonds, at least 2 cases are fugitives at large, many are shown as bonds but in actuality were receipted in the wrong codes and are appeals costs, fines and costs transferred from General District Court and one or two are cases not yet concluded completely. The same person hired to investigate restitution has been given the criminal bond list and is pulling these cases to correct the errors, etc.

In reviewing outstanding civil bonds, these have been found to be cases which have been ended, but in the final Orders prepared by the Attorneys no mention was given as to bond amounts to be returned to clients.

Therefore, the Chief Deputy Clerk will now, the Monday of each week, ask for the BU06 Report to print, since this report no longer automatically prints and the same new hire will investigate and substantiate payment of these amounts.

Clerk's Copy Fees to State:

The County Administrator has been contacted and the amounts reviewed with their fiscal officer and that office is now processing the information and are working on refunding the amount of \$31,590.88 for submitting to the State. An amended fee report will be filed appropriately. This overpayment came about from a misunderstanding from the last time an audit was conducted and information exchanged between the auditor and the Chief Deputy Clerk.

Denise F. Barb, Clerk

