



LLEZELLE A. DUGGER  
CLERK OF THE CIRCUIT COURT  
OF THE  
CITY OF CHARLOTTESVILLE

FOR THE PERIOD  
APRIL 1, 2019 THROUGH JUNE 30, 2020

Auditor of Public Accounts  
Martha S. Mavredes, CPA  
[www.apa.virginia.gov](http://www.apa.virginia.gov)  
(804) 225-3350



## 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.

### **Properly Manage and Report Trust Funds**

**Repeat:** No

The Clerk does not properly manage and report trust fund accounts and does not consistently record related activity. We noted the following:

- The Clerk did not record the receipt of a \$485 trust fund or four trust fund disbursements totaling \$138,337 in the financial accounting system. In addition, the Clerk did not post interest to individual trust fund accounts in the financial accounting system for approximately two years.
- The Clerk did not invest funds within 60 days of the court order establishing the fund, as required by § 8.01-600 of the Code of Virginia. Specifically, we noted one account for \$39,102 that was not invested for over nine months and another account for \$1,890 that was not invested for over two months. Section 8.01-600 of the Code of Virginia indicates that the Clerk is liable for any loss of income resulting from the delayed investment of trust funds.
- The Clerk did not file an annual trust fund report with the court for 2019 or 2020 as required by Section 8.01-600 of the Code of Virginia.

The Clerk should immediately resolve the conditions noted above and, going forward, should ensure that all trust fund activity is reflected in the accounting records; that trust funds are receipted, invested, and disbursed as required; and that a trust fund report is filed with the court each year as required by the Code of Virginia.

### **Properly Monitor Liabilities**

**Repeat:** No

The Clerk does not properly monitor and disburse court liabilities. Specifically, the Clerk did not disburse liability accounts totaling \$26,263 that should have been paid out. The Clerk should disburse the amounts noted and, going forward, should monitor and disburse liabilities monthly as recommended by the financial system user's guide. In the event that the owners of the funds cannot be located, the Clerk should escheat the funds as required by § 55.1-2518 and § 55.1-2524 of the Code of Virginia.

**Properly Bill and Collect Court Costs**

**Repeat:** Yes (first issued in 2013)

The Clerk and her staff did not properly bill and collect court costs. We tested 46 cases and noted that in 12 cases, defendants were not charged \$11,820 in court costs and in one case, the Clerk overcharged the defendant by \$848. The Clerk and her staff should correct the specific cases noted and institute a more diligent system of review to minimize the likelihood of billing errors going undetected. In all cases, the Clerk should bill and collect court costs in accordance with the Code of Virginia.

**Reconcile Bank Accounts**

**Repeat:** Yes (first Issued in 2019)

The Clerk did not reconcile two of the court's three checking accounts during the audit period. 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 perform complete monthly bank reconciliations for each account upon receiving the bank statements as required by the court's financial system user's guide.

**Retain Voided Receipts**

**Repeat:** Yes (first issued in 2019)

The Clerk and her staff do not retain copies of voided receipts from the Clerk's secondary receipting system. Voided transactions pose an increased risk for fraudulent activity and, as such, must be monitored and controlled closely. The Clerk should retain all copies of voided receipts as required by the financial system user's guide.

**Record Inventories and Collect Taxes**

**Repeat:** No

During the audit period, the Clerk and her staff did not record probate inventories in the automated indexing and imaging system and did not compare the inventories to the probate tax returns and bill for additional state and local probate taxes when applicable. The outstanding taxes owed to the Clerk for these inventories represent a loss of revenue to the Commonwealth and locality.

The Clerk should bill the estates noted above for additional state and local probate tax due based on the final inventories and should ensure that there is a procedure in place to calculate and assess additional taxes when final inventories are received in the future.

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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

November 25, 2020

The Honorable Llezelle A. Dugger  
Clerk of the Circuit Court  
City of Charlottesville

Nikuyah Walker, Mayor  
City of Charlottesville

Audit Period: April 1, 2019 through June 30, 2020  
Court System: City of Charlottesville

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of this locality 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 Clerk and her staff during this engagement.

Martha S. Mavredes  
AUDITOR OF PUBLIC ACCOUNTS

MSM:vks

cc: The Honorable Timothy K. Sanner, Chief Judge  
John C. Blair, Acting City Manager  
Robyn M. de Socio, Executive Secretary  
Compensation Board  
Paul F. DeLosh, Director of Judicial Services  
Supreme Court of Virginia

**CIRCUIT COURT  
CITY OF CHARLOTTESVILLE**  
315 EAST HIGH STREET  
CHARLOTTESVILLE, VIRGINIA 22902-5195  
(434) 970-3766

**Tracy D. Smith**  
**Anita D. Spivey**  
**Diana V. Tartaglia**  
**Beatrice J. Bradford**  
DEPUTY CLERKS

**Llezele A. Dugger**  
CLERK  
  
**David A. Schmidt**  
CHIEF DEPUTY CLERK

**Gwendolyn T. Williams**  
**Dianne P. Pugh**  
**Esther J. Bausserman**  
DEPUTY CLERKS

December 28, 2020

Martha S. Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

RE: Corrective Action Plan  
Charlottesville Circuit Court Clerk's Office  
Audit Period: April 1, 2019 through June 30, 2020

Dear Ms. Mavredes,

This Corrective Action Plan responds to the Audit Report covering April 1, 2019 through June 30, 2020.

**Properly Manage and Report Trust Funds**

The three (3) bullet points are addressed individually below:

- While I review bank statements for the Trust Funds held by my office each month, I shall also make sure that all receipts, disbursements, and interests are properly entered in the financial accounting system.
- These funds shall be invested. Further, I shall work with the bank that holds these accounts to calculate what, if any, loss of income resulted in the delay. Should a loss be determined, I shall personally make sure that the accounts are made whole.
- An annual trust fund report shall be filed pursuant to Va. Code §8.01-600 (1950) as amended.

**Properly Monitor Liabilities**

I shall employ due diligence to locate the proper recipients of the \$26,263.00. Should the recipients not be found, I shall escheat the funds as required by Va. Code §55.1-2518 and §55.1-2524 (1950) as amended. I shall monitor and disburse liabilities monthly as recommended by the Clerk's manual.

**Properly Bill and Collect Court Costs**

The specific cases noted have been reviewed, and where appropriate, corrected. I shall continue my efforts to train the Deputy Clerks in my Criminal Division in this specific area. It should be noted that this Division has had the most frequent turnover in staff over the last four (4) years largely due to deputies taking higher paying jobs elsewhere.

**Reconcile Bank Accounts**

The two (2) bank accounts at issue shall be reconciled. One of the unreconciled accounts is our old daily operations account. This account will be reconciled, the balance transferred to our current daily operations account (which is reconciled monthly), and closed.

**Retain Voided Receipts**

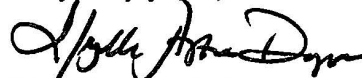
All copies of voided receipts shall be retained.

**Record Inventories and Collect Taxes**

The estates not billed during the audit period shall be billed for additional state and local probate taxes. I shall do a better job with time management so that future inventories are reviewed in a timely manner.

While audits by their very nature are stressful, the Audit Team was professional and courteous and made every effort not to disrupt the daily flow of business in our office. This was especially appreciated as the audited period included the packing and moving of everything back to our renovated Courthouse (our second complete move in 20 months) and the onset of the COVID-19 pandemic when our office remained open to serve the public to the extent allowed by restrictions mandated by the state and local governments as well as the Supreme Court of Virginia. In conclusion, please convey my heartfelt thanks to the Audit Team for their patience and understanding.

Very truly yours,



Llezelle Agustin Dugger  
Clerk of Court