



**DENISE B. ESTEP
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF SHENANDOAH**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2011 THROUGH MARCH 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.

Reconcile Trust Fund Balances

The Clerk should reconcile trust fund balances periodically to ensure that an accurate report is filed with the court each year. The Annual Report of trust funds for 2012 was overstated by \$155,778 due to an accounting error.

The Clerk should reconcile general and subsidiary ledger trust fund accounts each month as recommended by the Circuit Financial Management System User's Guide, Chapter 11 – Trust Fund Administration Procedures. Completing this reconciliation will assist in preparing an accurate Annual Report. If the Clerk cannot resolve differences, she should immediately seek assistance from the Supreme Court of Virginia. The Clerk should follow Code of Virginia requirements to ensure this type of inaccuracy does not reoccur and consider filing an amended annual report for fiscal year 2012 with the Court.

Properly Assess Court Costs and Improve Record Keeping

During our audit of criminal cases, the following errors were found:

- A Judgment Lien was not released after the case was paid in full.
- Attorney fees of \$360 certified by the District Court were not charged to the defendant.
- A defendant was overcharged \$120 in attorney fees.
- Two cases were updated in the court's system as being "Dismissed" when one of the cases should have been updated as "Not Guilty" and the other as "Nolle Prosequi."
- Costs of \$80 were coded to the incorrect account.
- Attorney fees of \$218 were credited to the wrong account.
- Due dates on four accounts were updated without appropriate documentation to substantiate the change.

The Clerk should ensure that court costs are assessed correctly, that case information is entered correctly into the system, and that appropriate supporting documentation is maintained for updates made to individual accounts.

Monitor and Disburse Liabilities

The Clerk does not properly monitor and disburse liabilities. Specifically, the Clerk holds funds from bonds, refund accounts and restitution longer than is appropriate. These funds should be researched and disbursed to defendants immediately upon completion of a case or according to the Code of Virginia. In addition, when appropriate, the Clerk should escheat unclaimed liabilities to the Division of Unclaimed Property.

The Clerk should monitor all accounts and promptly disburse funds. Failure to monitor funds held for others could result in inaccurate reporting to the Commonwealth and excessive delays in disbursements.

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Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 31, 2013

The Honorable Denise B. Estep
Clerk of the Circuit Court
County of Shenandoah

Dr. Conrad A. Helsley, Chairman
County of Shenandoah

Audit Period: April 1, 2011 through March 31, 2013
Court System: County of Shenandoah

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 this matter 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:ljh

cc: The Honorable Thomas J. Wilson, IV, Chief Judge
Mary T. Price, Acting 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



SHENANDOAH COUNTY CIRCUIT COURT

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DENISE B. ESTEP, CLERK

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Karla S. Ortts
Pamela J. Williams
Suellen K. Gardner
Daphine E. Bright
Diana J. Breeden
Deirdre L. Dillon

July 22, 2013

Martha Mavredes
Auditor of Public Accounts
P.O. Box 1295
Richmond, Va 22318

RE: Audit Period 04/01/11 thru 03/31/13
Response to Audit Report

Reconcile Trust Fund Balances

Sarona Irvin has been in contact with Martin Watts, beginning May 16, 2012 and on numerous occasions since then and has taken steps to correct this overstated balance, but as of yet these efforts have not corrected the error. As of this day, we are waiting to again hear from Martin on how to get this FMS glitch corrected.

Properly Assess Court Costs and Improve Record Keeping

All criminal account/processing errors were corrected upon notice by the auditor.

Monitor and Disburse Liabilities

We do the best we can based upon the time it takes to research each case and the understaffing of personnel.

Sincerely,

Denise B. Estep, Clerk