



G. CHANCE CRAWFORD
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF SALEM

FOR THE PERIOD
APRIL 1, 2017 THROUGH SEPTEMBER 30, 2018

Auditor of Public Accounts
Martha S. Mavredes, CPA
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(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.

Monitor and Disburse Liabilities and Trust Funds

Repeat: No

The Clerk did not properly monitor and disburse court liabilities and trust funds. Specifically, the Clerk did not disburse \$97,640 in trust funds and other liabilities that should have been paid out. The Clerk should disburse the amounts noted and should monitor and disburse liabilities on a monthly basis as recommended by the financial accounting system user's guide.

Properly Bill and Collect Court Costs

Repeat: Yes (first issued in 2017)

The Clerk and his staff did not properly bill and collect court costs. In 32 cases tested, we noted the following errors.

- In 18 cases, the defendants were not charged a total of \$3,338 in court costs and restitution.
- In one case, a defendant was overcharged \$608 in court costs.
- In one case, the fixed revocation fee of \$77 was miscoded as an electronic recording fee.

The Clerk and his staff should correct the specific cases noted above 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.

Properly Collect Probate Taxes and Fees

Repeat: No

The Clerk and his staff did not properly collect probate taxes and fees. For two estates tested, probate taxes of \$478 were miscoded as state rather than local. For another two estates, the Clerk did not collect recording fees totaling \$32 when recording the affidavits of notice. The Clerk should properly classify the probate taxes when recording estates and collect the recording fees for affidavits of notice at the time of recording as required by the Code of Virginia.

Retain Voided Receipts

Repeat: No

In two of nine voided receipts tested, the Clerk did not retain all copies of the voided receipts. 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 the voided receipts as required by the financial accounting system user's guide.

Properly Docket Judgments

Repeat: No

In one of 20 unpaid criminal cases tested, the Clerk did not record the amounts owed in the judgment lien indexing system. Additionally, in two of five paid cases tested, the Clerk did not record the releases when the judgments were satisfied in full. To maximize the opportunity for the collection of delinquent fines and costs and to ensure the validity of judgments against defendants for fines and costs, the Clerk should record judgment lien information without delay as required by the Code of Virginia.

Retain Financial Receivable Reports

Repeat: No

The Clerk could did not retain eight months of the 'Accounts without Receivable Report' during the audit period. The Commonwealth recovers the costs of prosecution when defendants pay the costs assessed by the Clerk. Upon conviction, the Clerk establishes a receivable account for the defendant. Review of the 'Accounts without Receivable Report' ensures the Clerk has established all appropriate accounts. The Clerk should maintain documentation to ensure this monthly report is properly utilized.

Publicly Post Payment Plan Policy

Repeat: No

The Clerk has not posted the court's current official payment plan policy in the Clerk's office or on the court's website, as required by section 19.2-354 of the Code of Virginia. Posting this information ensures that defendants are aware of the court's payment plan policies and aids in maximizing collection efforts. The Clerk should post the court's current approved payment plan policy in accordance with the Code of Virginia.

Retain Waivers and Timesheets

Repeat: No

The Clerk and his staff did not retain proper supporting documentation for attorney payments. Court appointed attorneys may request additional payment in excess of the statutory cap by submitting detailed waiver applications and detailed timesheets for approval by the Chief and Presiding Judges. In two of seven attorney invoices tested, the Clerk and his staff did not retain the proper documentation. The Clerk should ensure that all waiver applications and detailed timesheets are approved and retained.

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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 16, 2018

The Honorable G. Chance Crawford
Clerk of the Circuit Court
City of Salem

Byron R. Foley, Mayor
City of Salem

Audit Period: April 1, 2017 through September 30, 2018
Court System: City of Salem

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 his staff during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM: clj

cc: The Honorable William D. Broadhurst, Chief Judge
Kevin S. Boggess, City Manager
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

Clerk of the Circuit Court

G. CHANCE CRAWFORD
CLERK
P.O. BOX 891
SALEM, VIRGINIA 24153
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FAX: 540-375-4039



City of Salem, Virginia

TERMS OF COURT
THIRD FRIDAY
FEB. - MAY - JULY - SEPT.
SECOND FRIDAY
DECEMBER

December 6, 2018

Ms. Martha S. Mavredes, CPA
Auditor of Public Accounts

Dear Ms. Mavredes:

As one of the smaller Clerk's office in the Commonwealth, and an office who has struggled to remain fully staffed (and thus fully trained also) during the most recent audit period, I recognize the problems identified in our last audit and assure you that we are putting in place procedures designed to rectify these deficiencies.

Most of the problems identified stem from our staffing difficulties (a situation that we hope we have rectified for the future). I feel that I must comment that the system upon which the audit is measured is inherently flawed in that larger offices that admittedly have much larger caseloads, also have the advantage of being granted staffing standards many multiples larger than we smaller courts. When an office such as ourselves struggles to fill one position, that is effectively 25% of our office staff missing. This is not nearly as big a concern for larger offices.

Furthermore, we have hundreds of additional responsibilities required by the Code of Virginia with which we must comply. Most of these responsibilities are not addressed by this, or any, audit.

Briefly, regarding the liability accounts mentioned in your report, the largest amount of the funds listed are monies held in trust for minors that our court does not have an affidavit to verify the age of said minors. No one has come forward to claim said funds, and there is no court order directing our office to disburse these monies. They are being held in an interest bearing account as required by court order and the Code of Virginia. The other funds mentioned are for restitution that is either in question awaiting a hearing and order to clarify where said monies are to be directed, or awaiting the report next July to escheat funds to the Treasurer of Virginia.

And while we will continue working diligently to improve our office in accord with the audit recommendations, I feel I must compliment my staff on continually providing exemplary service to the citizens of our city and others who come to our

Clerk of the Circuit Court

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City of Salem, Virginia

office seeking guidance or aid. This should be the primary goal of any Clerk's office, and I'm proud to say something our office will always emphasize.

I will be happy to address any specifics of this audit if you feel this is necessary.

As always, we would like to commend Randall Johnson for being at all times professional and courteous during this most recent audit.

Sincerely,

G. Chance Crawford

G. Chance Crawford
Clerk, City of Salem