



GERALD R. GOAD
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF CARROLL

FOR THE PERIOD
APRIL 1, 2021 THROUGH SEPTEMBER 30, 2022

Auditor of Public Accounts
Staci A. Henshaw, CPA

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 noncompliance with laws and regulations, the loss of assets or revenues, or otherwise compromise the Clerk's fiscal accountability.

Properly Bill and Collect Court Fines and Costs

Repeat: Yes (First issued in 2020 as Properly Bill and Collect Court Costs)

The Clerk and his staff did not properly bill and collect court fines and costs. In 12 of 38 cases tested (32%), we noted the following errors.

- The Clerk did not charge defendants in nine cases for a total of \$2,800 in court fines and costs.
- In two cases, the Clerk overcharged defendants by a total of \$618 in court costs.
- The Clerk miscoded in the financial system costs of \$565 in one case as local instead of Commonwealth.

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

File Annual Trust Fund Report Timely

Repeat: No

The Clerk did not file the annual report of trust funds held at June 30, 2021, with the Court timely. Section 8.01-600 of the Code of Virginia requires the Clerk to file an annual trust fund report with the Court no later than October 1 of each year and record the report in the court's trust fund order book. The Clerk should file an annual trust fund report each year in accordance with Code of Virginia requirements.

Reconcile Bank Account Timely

Repeat: No

Although currently reconciled, the Clerk did not reconcile the court's bank account timely during the audit period, allowing reconciling items to go unresolved for up to six months. 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 monthly bank reconciliations upon receiving the bank statements as required by the financial accounting system user's guide.

Establish Receivable Accounts Timely

Repeat: No

The Clerk and his staff did not establish receivable accounts timely for all ten cases tested. Since the Commonwealth recovers the costs of prosecution when defendants pay the costs the Clerk assesses, the Clerk should establish receivable accounts as soon as possible after conviction.

The court's automated system provides reports, such as the Concluded Cases without Receivables Report, which assist the Clerk in identifying cases that do not have corresponding receivable accounts. The Clerk should request this report for the audit period, review the report, establish any needed accounts, and bill the defendants. Going forward, the Clerk should establish receivable accounts timely in all cases.

Request Tax Set-Off Refunds

Repeat: No

The Clerk did not finalize claims to the Virginia Department of Taxation (Taxation) for tax set-off of refunds for delinquent court fines and costs totaling \$3,739, resulting in a loss of revenue to the Commonwealth and locality. A court must submit claims for set-off of tax refunds through Taxation's automated accounting system. The Clerk should use the tax refund set-off process to maximize collections as required by the Code of Virginia.

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Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 14, 2022

The Honorable Gerald R. Goad
Clerk of the Circuit Court
County of Carroll

Tracy Moore, Chairman
County of Carroll

Audit Period: April 1, 2021, through September 30, 2022
Court System: County of Carroll

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 lead to noncompliance with laws and regulations, the loss of assets or revenues, or otherwise compromise the Clerk's 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.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LJH:vks

cc: The Honorable H. Lee Harrell, Chief Judge
Michael Watson, County Administrator
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia



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GERALD R. GOAD - CLERK
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Mrs. Staci Henshaw, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218-1295

RE: Audit Period April 1st, 2021 through September 30, 2022

Dear Mrs. Henshaw,

This letter serves as an official corrective action plan and my recommendations/requests after results of our annual audit covering the time period of April 1st, 2021 through September 30th, 2022. I first would like to begin thanking the auditor for his due diligence in enforcing sufficient checks and balances within our judicial system and within our local constitutional office. The auditor did express that he was very impressed with the way I was able to handle the enormous challenges I had to face with keeping our office together during the audit period that I would like to highlight and explain:

With the continuous stress of the COVID-19 pandemic in 2021, we unfortunately lost our accounting technician in October as she passed away from this terrible sickness that sadly took her life. After she passed away, our office did our very best of cross-training efforts with the shortness of staff until a new accounting technician was hired in December.

For the first three months of 2022, another employee was out on medical leave in which created me having no choice but to cover all of the criminal duties and responsibilities myself while the new accounting technician was in training and handling the numerous duties assigned. In August, the accounting technician resigned without notice, which led to findings of many tasks not done and having to redistribute duties and responsibilities among other staff members.

Our current accounting technician was hired in September in which has tremendously done wonders for our office and is doing an excellent job with duties and responsibilities that are required timely which will reflect in next year's audit report.

I would like to personally address each of the following points and offer our corrective action plan moving forward:

Properly Bill Fines and Costs & Establish Receivable Accounts Timely – The errors made were from the backlog of criminal fines and costs not being done due to the death of an employee and the resignation of the other without notice. Both me and the current accounting technician worked together diligently and am proud to say that all are caught up and fixed and should not be an issue moving forward like in previous reports. The accounting technician completes the assessment of fines and costs weekly as I audit each case myself. This should reflect in next year's audit.

File Annual Trust Fund Report Timely - Again, the errors made were from the backlog of tasks not being done due to the death of an employee and the resignation of the other without notice. Both me and the current accounting technician worked together diligently and am proud to say that all are caught up and fixed and should not be an issue moving forward like in previous reports. This should reflect in next year's audit.

Reconcile Bank Account Timely – I do want to highlight that the bank reconciliation is currently reconciled and with the new accounting technician, we are averaging completion of monthly reconciliations within 5 days. Again, this is from the backlog of tasks not being done due to the death of an employee and the resignation of the other without notice. As Clerk, I contacted OES to assist with the bank reconciliation process during the audit period in order to complete this monumental responsibility in between the turnover periods in the accounting technician position. This should reflect in next year's audit.

Request Tax Set-Off Funds – The \$3,739 was between the months of November and December of 2021 after the accounting technician passed away. They went in default as I was trying to divide duties and responsibilities among other staff members, along with grieving the loss of an employee as Clerk.

We tremendously appreciate the work and cooperation with the auditor, however, please take into account my efforts and immediate correction of these errors as they have already been corrected. I would like to point out that all other numerous areas and visions within my office related to finances such as deed calculations, civil filings, will filings, and other financial duties that no exception were found nor brought to my attention by the auditor.

Sincerely,

Signature Redacted

Gerald R. Goad, Clerk
Carroll County Circuit Court