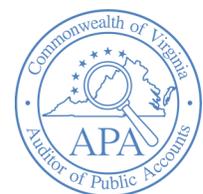




G. CHANCE CRAWFORD
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF SALEM

FOR THE PERIOD
OCTOBER 1, 2018 THROUGH JUNE 30, 2020

Auditor of Public Accounts
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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 Monitor and Disburse Liabilities and Trust Funds

Repeat: Yes (first issued in 2018)

The Clerk did not properly monitor and disburse court liabilities and trust funds. Specifically, the Clerk did not disburse \$201,302 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 31 cases tested, we noted the following errors.

- In five cases, the defendants were not charged \$4,792 in court costs.
- Defendants in five cases were overcharged court costs of \$2,779.

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 Assess DNA Fees

Repeat: No

The Clerk is not utilizing information available through the Local Inmate Data System (LIDS) to determine whether a defendant needs to have a DNA sample taken, the cost of which the defendant must pay. Section 19.2-310.2 of the Code of Virginia requires defendants to pay for the taking of DNA samples when convicted of felonies and certain misdemeanor offenses. However, the defendant is not required to pay if a sample has already been obtained on previous convictions, and this is determined through information available in LIDS. The Clerk should obtain access to LIDS in order determine if DNA has already been taken from a defendant and assess the DNA fee as appropriate.

Improve Billing Procedures for Court Reporter Fees

Repeat: No

The Clerk has not requested reimbursement from the Office of Executive Secretary of the Supreme Court of Virginia (OES) since November 2018 for performing court reporter duties. In this locality, the Clerk acts as the court reporter and requests reimbursement from OES and records the

reimbursement as Clerk's fees. The outstanding amount owed to the Clerk for performing these duties is indeterminable. Since the state and locality split excess Clerk's fees, this could result in a loss of revenue to the locality.

The Clerk should establish appropriate procedures to ensure that OES is billed, when applicable, for court reporter fees.

Reconcile Bank Account

Repeat: No

The Clerk did not reconcile the court's bank account from November 2018 through June 2020. 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.

Promptly Post Interest to Trust Funds

Repeat: No

The Clerk does not record interest on trust fund accounts in the court's financial system. Specifically, for two of the eight trust funds on the 2020 annual report, the Clerk has not recorded interest for up to three years. The Clerk should record interest on invested funds annually so the annual report to the court will reflect the actual bank balances on hand.

Review Daily Financial Reports

Repeat: No

In three of six daily reports tested, the Clerk did not review and approve the daily financial reports. Supervisory review of daily accounting transactions is an essential internal control. The Clerk or his designee should review and approve all daily financial reports as recommended by the financial accounting system user's guide.

Properly Docket Judgments

Repeat: Yes (first issued in 2018)

In 12 of 20 unpaid criminal cases tested, the Clerk did not record the amounts owed in the judgment lien indexing system. Additionally, in four 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.

Improve Accounts Receivable Management

Repeat: No

In five of eight cases tested, the Clerk and his staff did not enter the correct payment due dates in the automated system. If defendants cannot pay their fines and court costs within 30 days of sentencing, § 19.2-354 of the Code of Virginia requires a court order or payment agreement indicating the payment due dates for fines and costs. Improperly entering payment due dates on individual accounts in the automated system hinders collection efforts and could result in a loss of revenue to both the Commonwealth and the locality. The Clerk should enter the correct payment due dates in the automated system based on the applicable court order or signed payment agreement.

Publicly Post Payment Plan Policy

Repeat: Yes (first issued in 2018)

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 § 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.

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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

September 3, 2020

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

Renée Ferris Turk, Mayor
City of Salem

Audit Period: October 1, 2018 through June 30, 2020
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.

Martha S. Mavredes
AUDITOR OF PUBLIC ACCOUNTS

MSM: clj

cc: The Honorable David B. Carson, Chief Judge
Jay Taliaferro, 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
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TERMS OF COURT
THIRD FRIDAY
FEB. - MAY - JULY - SEPT.
SECOND FRIDAY
DECEMBER

City of Salem, Virginia

September 28, 2020

CORRECTIVE ACTION PLAN

Our office has hired a consultant with over thirty years of experience with the Supreme Court of Virginia to aid us in updating our bookkeeping practices as well as updating our processes throughout the office. We are also currently cross training another deputy clerk in bookkeeping to aid both in oversight and the day to day bookkeeping necessary for the operations of the office. We now have two deputy clerks authorized to access the LIDS system to obtain the DNA information necessary to properly assess costs for the defendants in our Court.

The liabilities referenced are currently in the process of being escheated to the Treasurer of the Commonwealth. This process will be completed by November 1, 2020, as required by statute.

Our office is currently billing the state for cases recorded by the deputy clerk/court reporter.

Our office has added additional oversight processes for the assessment of costs and the docketing of judgments for said costs. Our policy for payments is now posted, as required.

With the aid of the consultant, our office is also currently in the process of automating as many of our processes as possible.

Our office continues to provide exemplary customer service, even with the challenges of the current COVID-19 environment.

I wish to commend Randall Johnson for his professional and courteous manner, as always.

Sincerely,

Chance Crawford, Clerk