



MAYTEE ROMERO DE PARHAM
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF PETERSBURG

FOR THE PERIOD
JULY 1, 2021 THROUGH DECEMBER 31, 2022

Auditor of Public Accounts
Staci A. Henshaw, CPA

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(804) 225-3350



COMMENTS TO MANAGEMENT

With over 800 duties assigned to the role by the Code of Virginia, the Clerk of the Circuit Court has many important responsibilities. Thus, it is critical for the Clerk to provide the proper oversight and training for staff and to exhibit the appropriate tone at the top related to the importance of internal controls over the court's operations, which we found to be inadequate during this audit. We noted numerous deficiencies involving internal control and its operation across multiple areas that have led or could lead to noncompliance with laws and regulations, the loss of assets or revenues, or otherwise compromise the Clerk's fiscal accountability.

Promptly Deposit Collections

Repeat: No

The Clerk did not promptly deposit court collections for 26 of 58 days tested (45%) during the audit period, with delays between one and three days. Delaying bank deposits increases the risk of loss of funds and has the potential to delay the remittance of state and local funds. The Clerk should make bank deposits daily as required by the Financial Accounting System User's Guide.

Resolve Reconciling Items

Repeat: No

The Clerk has not resolved several reconciling items between the court's operating bank account and financial accounting system that have existed since 2020. The unresolved differences include amounts the Clerk's office receipted in its financial accounting system but did not deposit in the bank and the Clerk over remitting funds to the locality. The Clerk should immediately take appropriate action to resolve all the reconciling items. Should the Clerk determine that the unresolved items indicate a reasonable possibility of fraud, she should immediately notify our office, the Virginia State Police, and the Office of the State Inspector General.

Establish Receivable Accounts

Repeat: Yes (first issued in 2021)

The Clerk and her staff did not establish receivable accounts for three of seven cases tested (43%), resulting in potential losses to the Commonwealth of \$936 and to the locality of \$1,058. The Commonwealth recovers the costs of prosecution when defendants pay the costs assessed by the Clerk. Upon conviction, the Clerk should establish a receivable account for the defendant. 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 the *Concluded Cases without Receivables* reports for this audit period, review and establish any needed accounts, and bill the defendants. Going forward, the Clerk should implement procedures to review these reports monthly and establish receivable accounts, as applicable.

Properly Bill and Collect Court Fines and Costs

Repeat: Yes (first issued to former Clerk in 2013)

The Clerk did not properly bill and collect court costs. In 32 of 59 cases tested (54%), we noted the following errors.

- In 16 cases, the Clerk did not charge defendants a total of \$6,674 in court costs.
- The Clerk overcharged defendants in nine cases a total of \$5,025 in court fines and costs.
- For eight local cases, the Clerk miscoded in the financial system fines and costs of \$3,048 as Commonwealth instead of local.
- The Clerk did not bill the locality for a total of \$2,236 in attorney fees for three cases.

The Clerk and her staff should correct the specific cases noted above, seek additional training in the billing and collection of court costs, and establish a system of review to minimize the likelihood of billing errors going undetected. In all cases, the Clerk should bill and collect court fines and costs in accordance with the Code of Virginia.

Properly Bill and Collect Probate Fees and Taxes

Repeat: No

The Clerk does not properly assess and collect probate fees and taxes. In four of ten instruments tested (40%), the clerk did not collect a total of \$65 in fees. In another transaction, the Clerk miscoded in the financial system taxes of \$25 as Commonwealth instead of local. The Clerk should bill and collect fees and taxes in accordance with the Code of Virginia.

Request Tax Set-Off Refunds

Repeat: Yes (first issued in 2021)

The Clerk did not submit claims to the Virginia Department of Taxation (Taxation) for tax set-off of refunds for delinquent court fines and costs totaling \$9,128, 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.

Monitor and Disburse Liabilities

Repeat: No

The Clerk does not properly monitor and disburse court liabilities. At the end of the audit period, the Clerk was holding \$19,783 in liabilities that she should have either paid out or escheated. In addition, the Clerk paid out a \$2,000 bond to an individual seemingly not associated with the corresponding civil case instead of forfeiting it as required by the court order. The Clerk should review all liabilities she is currently holding and disburse as applicable. Going forward, the Clerk should routinely monitor and disburse, when appropriate, all court liabilities as recommended by the Financial Accounting System User's Guide and should disburse funds to the appropriate parties only after diligent review of the case papers and court orders.

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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

June 29, 2023

The Honorable Maytee Romero de Parham
Clerk of the Circuit Court
City of Petersburg

Samuel Parham, Mayor
City of Petersburg

Audit Period: July 1, 2021, through December 31, 2022
Court System: City of Petersburg

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 written corrective action plan to remediate these matters provided by the Clerk is included as an enclosure to this report. We did not validate the Clerk's corrective action plan and, accordingly, cannot take a position on whether it adequately addresses the issues in this report.

The Clerk has taken adequate corrective action with respect to the internal control findings reported in the prior year that are not repeated in 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.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LH: clj

cc: The Honorable Joseph M. Teefey, Jr., Chief Judge
John Altman, City Manager
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia



The Honorable Maytee E. Parham
Clerk Of Petersburg Circuit Court
Seven Courthouse Avenue, Petersburg Virginia 23805
Phone: 804-431-5594

September 7, 2023

Staci A. Henshaw
Auditor of Public Accounts
Commonwealth of Virginia
Sent via email to laurie.hicks@apa.virginia.gov

Re: CORRECTIVE ACTION PLAN
Audit Period July 1, 2021, through December 31, 2022

Dear Ms. Henshaw:

I am in receipt of the audit report for period July 1, 2021, through December 31, 2022. My response to your internal control finding report and the corrective actions implemented include but are not limited to the following:

Promptly Deposit Collections

The local bank closed, and the closest location is in the next locality. Bank deposits during a one-month span were deposited no later than 3 days late. During this month span, there was no staff available to travel to the bank. Currently there is a two-person rotation for bank deposits.

Resolve Reconciling Items

During the transition from the past clerk to the current clerk, bank accounts were not set up prior to the disbursement of funds to various agencies. The current clerk requested the assistance of the Supreme Court to reconcile the accounting report of the last clerk. After a full week with Supreme Court on site, the conclusion was the locality was overpaid for December 2019. At the time of the audit, Supreme Court could not assist with an adjustment. After several attempts, the Clerk has resolved all reconciling items.

Establish Receivable Accounts

Accounts from 2020 to current have been internally audited and adjustments have been made to correct assessed amounts and bill defendants. Concluded Cases without Receivables are currently reviewed monthly and adjusted if necessary.

Properly Bill and Collect Court Fines and Costs

The Clerk has implemented an audit schedule of cases. Deputy Clerks review a day's docket of a different clerk. A tracking list is used to track errors and corrections. Cases noted with errors by the APA have been corrected. I am committed to ensuring that all staff, including leadership has and will continue to receive training through the Department of Judicial Services.

Properly Bill and Collect Probate Fees and Taxes

The Clerk believes the fees were correctly assessed. The \$3.50 fee in question will be directed to the Supreme Court to clarify the code.

Request Tax Set-Off Refunds

Training is lengthy through VA Dept of Taxation. Turnover in staffing and lengthy training contributed to the non-finalizing of claims. Currently there are two trained employees capable of processing tax debt set off.

Monitor and Disburse Liabilities

The Clerk is routinely monitoring and disbursing liability funds. The funds being held because there is no order, some cases are still open, fugitives are on the list and other recipients cannot be located. This office is working with the Commonwealth Attorney and VA Victims Fund to locate current addresses by next Nov. 1 deadline.

I appreciate and value the expertise and suggestions provided by the APA. This office will continue to work to improve upon the areas that can be strengthened through further training, communication, and use of available resources.

Respectfully,

[Signature on File](#)

Maytee F. Parham, Clerk
Petersburg Circuit Court