

**DENISE F. BARB**  
**THE CLERK OF THE CIRCUIT COURT**  
**FOR THE**  
**COUNTY OF SHENANDOAH**

**REPORT ON AUDIT**  
**FOR THE PERIOD**  
**OCTOBER 1, 2007 THROUGH MARCH 31, 2009**



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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

September 17, 2009

The Honorable Denise F. Barb  
Clerk of the Circuit Court  
County of Shenandoah  
Board of Supervisors  
County of Shenandoah

Audit Period: October 1, 2007 through March 31, 2009  
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.

## Financial Matters

We noted no instances of improper recording and reporting of financial transactions in the Court's financial management system.

## Internal Controls

We noted matters involving internal control and its operation necessary to bring to management's attention.

## Compliance

The results of our tests of compliance with applicable laws and regulations disclosed instances of noncompliance that are required to be reported.

The issues identified above are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these issues 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

WJK:clj

cc: The Honorable John R. Prosser, Chief Judge  
Vincent E. Poling, 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

## COMMENTS TO MANAGEMENT

### Internal Controls

We noted the following matters involving internal control and its operation that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

### APPROPRIATE SUPERVISORY REVIEW

The Clerk does not monitor and research inappropriate balance that exists in the court's General Ledger as required by Circuit Court Financial Management System User's Guide, Chapter 7-44.

The Clerk is currently holding -\$195.59 in unidentified funds in various accounts within the court's automated accounting system. There have been balances in these four accounts since the prior audit. The Clerk should monitor, research and correct any negative, unusual high balances or use of improper codes and ensure that funds are properly classified and there have been no unusual transactions.

### Compliance

The results of our tests of compliance with applicable laws and regulations disclosed the following instances of noncompliance.

### Monitor and Disburse Liabilities

The Clerk does not properly monitor and disburse Court liabilities as required by Code of Virginia. Specifically we noted the following:

- The Clerk did not research and disburse restitution balances of \$181,731 and restitution interest for \$3,347; criminal bonds for \$370; civil bonds for \$660; one escrow account in the amount of \$13; and five refund accounts totaling \$284.
- Unclaimed Property reports are not reconciled timely, nor submitted to the State Treasurer in accordance with Code of Virginia, Section 55-210.12E. The Clerk is holding 115 accounts totaling \$51,607 that should be researched.

The Clerk should monitor liability accounts and promptly disburse funds when a case concludes. Failure to monitor liabilities could result in inaccurate reporting to the Commonwealth and excessive delays in disbursements.



## SHENANDOAH COUNTY CIRCUIT COURT

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**DENISE F. BARB, CLERK**

**DEPUTY CLERKS**  
Sarona S. Irvin  
Karla S. Ortt  
Cynthia D. Kibler  
Selesta F. Funkhouser  
Maud H. Shell  
Pamela J. Williams  
Suellen K. Gardner  
Daphne E. Bright

September 4, 2009

Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218  
ATTN: Linda Gray

Re: Response to Audit Report

The \$195.59 unidentified funds have been identified and appropriately disbursed to the proper accounts. Either the Clerk or another employee designated by the Clerk, will review and monitor the BR29 General Ledger Reports as supplemental/secondary review of these accounts and any balances that may occur.

Restitution disbursements have been and are being paid out by this office on a regular basis. Disbursing restitution is not as "easy" as it sounds on paper. Before paying out, the Deputy Clerk must, in the majority of cases, conduct research as to the name and whereabouts of that victim, since in most instances a considerable length of time has elapsed since the money was first ordered to be paid to the Clerk. Many times the victims have moved and left no forwarding addresses, have name changes, are insurance companies that have changed names or are out of business and the reasons continue. Many Defendants only pay \$25.00 or \$50.00 a month and it is not efficient to write checks totaling those amounts each month, which in doing so results in more record keeping that the Deputy Clerk does not have ample time to deal with along with everything else she is responsible for. These accounts, on most occasions, cannot be promptly disbursed when the case is concluded, because it takes a year to several years to receive the amounts of restitution ordered.

Unclaimed property that is listed as not reconciled timely nor submitted to the State Treasurer is primarily restitution accounts, so the two instances of noncompliance comments shown in the audit report are basically the same accounts.

The process to send unclaimed property to the State has already started, since the deadline is November 1, 2009. Letters are being processed to send to victims at their last known address so as to either receive a response or be returned as "Not Found". Further, the Clerk or another employee designated by the Clerk, will review and monitor the BR16 Property Unclaimed for Over One Year report in the future so that these accounts are reconciled timely and submitted to the State Treasurer in accordance with Code of Virginia.

Sincerely,

Denise F. Barb, Clerk