



SARONA S. IRVIN
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF SHENANDOAH

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

Auditor of Public Accounts
Martha S. Mavredes, CPA
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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 Bill and Collect Court Costs

Repeat: Yes (first issued in 2017)

The Clerk and her staff did not properly bill and collect court costs. In 38 cases tested, we noted the following errors.

- In seven cases, the defendants were not charged a total of \$2,446 in court costs.
- In two cases, the defendants were overcharged \$151 in court costs.
- In one local case, the fine of \$50 was miscoded as state rather than local.

The Clerk and her 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.

Monitor and Disburse Liabilities

Repeat: No

The Clerk did not properly monitor and disburse court liabilities. Specifically, the Clerk did not disburse \$1,244 in restitution and other liabilities that should have been disbursed or escheated. 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. In addition, the Clerk should escheat funds as required by §55-210.9:2 of the Code of Virginia.

Review General Ledger

Repeat: No

The Clerk does not review the court's general ledger to ensure account balances are appropriate. As of September 2018, the Clerk was holding \$281 in tax refunds that should have been allocated to defendants' accounts. Additionally, there was an immaterial difference between the subsidiary ledger and the general ledger for a refund account.

The Clerk should correct the current errors and, going forward, should review the general ledger on a daily basis to ensure propriety of all account balances.

Promptly Delete System Access

Repeat: No

The Clerk did not delete the system access of a former employee for 23 months following the employee's last day of work. Having unauthorized individuals with access to the court's automated information system could compromise the integrity of the system and the data it contains. The Clerk is responsible for granting, changing, and terminating access to the court's automated information system. The Clerk should promptly delete an employee's access to the automated system when that employee resigns or is terminated.

Properly Manage Trust Funds

Repeat: No

The Clerk should improve management over trust funds. Specifically, the Clerk did not credit interest to a trust fund account for four months. Additionally, the Clerk did not properly reconcile her trust fund account balances with the bank balances. Unidentified immaterial differences were noted for three trust fund accounts. 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 calculate and post interest to the trust fund account noted above and should perform a thorough reconciliation of the trust fund accounts upon receiving the bank statements and resolve any differences noted as recommended by the financial accounting system user's guide.

Promptly Record Wills

Repeat: No

Since July 2018, the Clerk and her staff have not indexed and added the images of the wills and other fiduciaries to the Clerk's indexing and imaging system for public view as required by §17.1-249 of the Code of Virginia. The Clerk should promptly index and make the wills and other fiduciaries available to the public upon recording the instruments.

Monitor the DMV Interface Status Report

Repeat: No

The Clerk does not review the DMV Interface Status Report generated by the Clerk's accounting system. Not reviewing the report resulted in nine unpaid accounts not being reported to DMV for license suspension. Not reporting unpaid accounts to DMV for license suspension hinders collection efforts and could result in a loss of revenue to both the Commonwealth and locality. The Clerk should review the automated system reports as recommended by the financial accounting user's guide and take appropriate action as needed.

Update Individual Receivable Accounts Status

Repeat: No

The Clerk does not update and remove accounts from administrative review status when applicable. The Clerk's staff incorrectly placed seven accounts in administrative review status without understanding the impact that it has on the collection efforts.

The Clerk should update the individual accounts noted above and review and take appropriate and timely action on all accounts in administrative review status as recommended by the financial accounting system user's guide.

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 §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 her 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 three of six attorney invoices tested, the Clerk and her 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

December 14, 2018

The Honorable Sarona S. Irvin
Clerk of the Circuit Court
County of Shenandoah

Dr. Conrad A. Helsley, Board Chairman
County of Shenandoah

Audit Period: January 1, 2017 through September 30, 2018
Court System: County of Shenandoah

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 her staff during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM: clj

cc: The Honorable Bruce D. Albertson, Chief Judge
Mary Beth Price, 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



SHENANDOAH COUNTY CIRCUIT COURT

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SARONA S. IRVIN, CLERK

DEPUTY CLERKS
Cynthia D. Kibler
Karla S. Ortt
Andrea L. Harris
Stacy D. Shifflett
Rhonda H. Chalmers
Lora I. Smith
Carolyn S. Pandel
Deirdre L. Dillon

January 8, 2019

Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

RE: Shenandoah County Circuit Court
Audit period 01/01/2017 through 09/30/2018

Ms. Mavredes:

I am in receipt of our court's audit wherein ten (10) Comments to Management are noted. By this letter, I am responding and supplying my explanation and corrective action plan as to each comment.

Properly Bill and Collect Court Costs

Repeat: Yes (first issued in 2017)

While this management point references it as being a repeat, one must realize that during this audit period a new team of deputy clerks have been trained to handle the criminal court costs. One area that is weak is the follow through of going back to the court file to ascertain if there were court appointed fees to be assessed from the lower courts or subsequently filed after sentencing. Due to the fact that the workload my staff is tasked to complete is greater than the expected number of staff to properly perform said tasks, this is one reason this area was missed in some of the cases tested.

Another challenge for my office during this audit period was the fact that during the training process of the criminal team, errors were made, but unfortunately errors are unavoidable during periods of training. This audit period not only represented my training the criminal team, but also included the turnover of two (2) accounting technicians who were tasked with the job of assessing court appointed attorney fees to the criminal cases. The errors made by the accounting technicians accounted for some of the errors found in the cases tested.

Moving forward, all of the cases which were flagged in the audit have either already been corrected, if not already paid in full, or will be corrected within the next ten (10) days. I will also be personally checking the new account listings on a regular basis to make sure the criminal staff are setting up cases timely and properly assessing court costs for criminal matters in accordance with the Code of Virginia.

Monitor and Disburse Liabilities

Repeat: No

The \$1,244 funds of liabilities referenced as not being properly disbursed or escheated were as follows:

- \$220 represented two (2) cases that were checks written for restitution but not cashed and could have been escheated as unclaimed restitution. The total amount of unclaimed restitution escheated in 2018 was comprised of sixteen (16) cases and totaled \$12,953.43. Further the accounting technician turned over eleven (11) cases totaling \$86,878.28 in unclaimed property in 2018. My current accounting technician was assigned to this position less than one (1) month prior to the time for the due diligence letters to be sent in order to escheat funds and her training was very limited. In the final process of sorting through all of her notes and responses received in writing or by phone with regard to the due diligence letters sent, she inadvertently missed including these two (2) accounts which should have been turned over to unclaimed restitution. As Clerk, and the person training the accounting technician on this process, I was unfortunately, too tight on time to go over all of her notes with her and I take responsibility for not being able to oversee this process more closely. The accounting technician is now well aware of the process involved and will strive to keep ongoing notes and records to more efficiently prepare the accounts eligible for escheatment.
- \$195 represented funds to be returned to individuals whose expungement applications were approved. These were not disbursed in a timely manner as it was another area that the accounting technician had not yet been trained to disburse, due to the lack of time by myself as Clerk and the turnover in this position as previously referenced. I will be training my accounting technician and will have these amounts disbursed by the end of January 2019, and then she will be familiar with the process moving forward.
- \$829 represented seven (7) criminal cases that had restitution paid in full and could be disbursed. The reason they had not been disbursed is also due to the turnover of my accounting technician positions already referenced. One has to consider that this audit covers a 21 month period of which my current accounting technician was only in the position for the last three (3) months of that period. When she took the position, she was instructed to focus first on disbursing restitution payable that exceeded \$500 or more. The largest amount of the seven (7) accounts paid in full that the audit detected was only \$336 and therefore was not part of her initial focus per her training. She has since been instructed to discern all restitution accounts that are paid in full and disburse accordingly. As of this date the seven (7) cases detected have been disbursed to the appropriate recipients.

Review General Ledger

Repeat: No

The \$281 in tax refund was missed in being promptly applied to the defendant's account as a result of the turnover in the accounting technician position. As I was attempting to train the accounting technicians, I was the only person covering the IRMS account where the notifications are received for the tax set-off funds. This is again an instance where if my office were adequately staffed, this would have most likely not been overlooked. This amount was corrected while the auditor was working in our office.

The current accounting technician will be trained to access IRMS and will be assisting in the management of unclaimed property taxes in the future. I will also monitor her closely to assure that all funds are appropriately requested and then applied to each defendant's case.

Promptly Delete System Access

Repeat: No

I respectfully ask for this management point to be removed as the employee in question was removed from our court to work at a General District Court in Virginia and all indicators on my end showed I had asked for her to be removed. This also occurred around the time when the Supreme Court switched to the new e-Access system and unfortunately, I was not aware there was a separate report to request from the legacy system. All other employees who left my employ during this audit period were promptly and correctly removed from having access and there were at least six (6) others during this period who resigned or were terminated. I provided e-mail correspondence from the Supreme Court staff responsible for setting up and deleting employee access to the court's systems to the auditor documenting the request was made timely. They too seem puzzled why this employee remained on our list. As such, I feel this point should be removed.

I am now familiar with how to request the reports from both the new e-Access system and the old legacy system to determine who has access and in the future, will be certain to review regularly and promptly request removal of employees who are terminated or who resign.

Properly Manage Trust Funds

Repeat: No

As Clerk I am very much aware of the importance of investing and posting interest to the trust fund accounts. The account referenced in the audit was in an interest-bearing account and was not invested in a certificate of deposit until four (4) months after receipt for the same reasons stated above regarding the turnover of accounting technicians and my trying to train and accomplish all other requirements. The interest earned while in the checking account will be calculated and applied to the case and it is now invested in a certificate of deposit.

The immaterial differences in three (3) trust fund accounts were less than \$12 each and happened as a result of one of the previous accounting technicians incorrectly posting interest earned. I have worked with the current accounting technician and we have established a spread sheet and means to reconcile the accounts invested in certificates of deposit to the financial management system to assure on a monthly basis that there are no discrepancies.

Promptly Record Wills

Repeat: No

My Probate Clerk is also my Chief Deputy Clerk and has been with our office for nearly 23 years. As such she is well aware of the requirements to have the wills and other fiduciary recordings promptly indexed and available for public inspection. However, while I have been dealing with the training of the criminal division and new accounting technicians, my Chief

Deputy has been dealing with assisting the land records division as there has been turnover and a new deputy clerk being trained in that area as well. My Chief Deputy Clerk and my Civil Supervising Deputy Clerk have both been diligently working with and training the new land records deputy clerk. All of this, while both of them have had several personal reasons for absences from work due to deaths in the family and personal medical issues, has been quite challenging to keep all indexes current.

As of the date of this reply my Probate Clerk has the wills and fiduciaries indexed through October 2018 and is striving to be caught up by the end of January 2019.

Monitor the DMV Interface Status Report

Repeat: No

The accounting technician in my office is tasked with the responsibility of reviewing the DMV Interface Status Report and in all of the training happening among the accounting technicians one of them apparently erroneously changed several of the defendants to a 'HOLD' status. At some point, in my training the accounting technicians, I noticed several were on 'hold' and had flagged them to be reviewed as to why they were placed in 'hold', but once again, with the staff turnover and workload that exceeds adequate staff to get it accomplished, I never managed to find adequate time to investigate those cases on the 'hold' list. As of this reply, I have corrected the cases erroneously placed on 'hold'.

The current accounting technician has been advised and trained and will be watching all of the DMV Interface Status Reports to avoid this from happening in the future.

Update Individual Receivable Accounts Status

Repeat: No

When the auditor brought to our attention the cases that had been placed in review status, it appears that several of my staff was using this code in connection with defendants entering into a payment plan. The accounts have been corrected and the proper procedure has been gone over with the deputy clerks handling defendant accounts. Also, when possible, the accounting technician in my office is setting up and handling the payment plans with the criminal defendants to avoid these errors in the future.

Publicly Post Payment Plan Policy

Repeat: No

As Clerk I am aware that I was supposed to post the current official payment plan policy and had done some research of what the Code of Virginia requires; what other courts in our circuit were doing; and this was one other item on my list of 'to do's'; however, I simply never found time to get our court's policy written up and submitted to the Supreme Court to post on our website. I will get this submitted no later than the end of January 2019.

Retain Waivers and Timesheets

Repeat: No

The accounting technician in my office is tasked with the responsibility of signing off and submitting DC-40 payment vouchers and entering the appropriate costs in the defendant's costs in the financial accounting system. Again, in all the training happening among the multiple accounting technicians the costs entered were not properly scanned.

The current accounting technician has been advised and trained and will be scanning all documentation for DC-40 and Public Defender payments, as well as any waivers and detailed timesheets for additional allowances granted. I will be monitoring these postings on a periodic basis to assure it is being handled as required by the Code of Virginia.

My staff and I have worked a very large amount of over-time since our last audit and I am very proud of our accomplishments in many areas, however, the fact remains, that we simply do not have enough staff to adequately perform, in a timely manner, all the tasks required of our office by the Code of Virginia. We had a Court Management Analysis performed by a team from the Supreme Court Judicial Department in August 2018. Many of their recommendations to streamline work and hopefully make our office more efficient have been put into place the last few months and I am hopeful these new processes help our workflow. However, even with these changes, I believe that until either the work load is reduced in our office or funds are granted to hire the needed staff, we will continue to have problems in many of the areas cited that are due to time and staff restraints. The matters that deal with knowledge to properly perform tasks have been addressed and the staff is performing satisfactorily now that they are trained. Unfortunately, this audit period was focused on the period when the training was just beginning, and therefore errors were discovered.

It was our pleasure working with the member of your staff during the audit. Because of the turnover of staff and the new procedures being implemented, I respectfully request that our office be audited after one (1) year, instead of a longer period like this current audit covered, so that we can assure changes have been successful and that the staff is performing according to the Code of Virginia.

If you should have any questions, please do not hesitate to contact me at my direct phone number of (540) 459-6153 or via e-mail: sirvin@courts.state.va.us

Sincerely,



Sarona S. Irvin, Clerk