



LLEZELLE A. DUGGER
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF CHARLOTTESVILLE

FOR THE PERIOD
APRIL 1, 2023 THROUGH MARCH 31, 2024

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 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.

Reconcile Bank Accounts

Repeat: Yes (first issued 2019)

The Clerk did not reconcile the court's bank accounts during the audit period. Timely and complete reconciliations are an essential internal control. Allowing reconciling items to go unresolved can lead to errors and irregularities going undetected and can increase the risk of loss of funds. The Clerk should perform monthly bank reconciliations upon receiving the bank statement as required by the Financial Accounting System User's Guide.

Properly Manage and Report Trust Funds

Repeat: Yes (first issued in 2020)

The Clerk does not properly manage and report trust fund accounts as required by § 8.01-600 of the Code of Virginia and the Financial Accounting System User's Guide. We noted the following:

- The Clerk did not accurately post interest in the financial accounting system to individual trust fund accounts, resulting in incorrect account balances.
- The Clerk did not properly record in the financial accounting system a \$31,499 trust fund.
- The Clerk recorded two disbursements in the wrong general ledger account in the financial accounting system.
- The Clerk did not file a fiscal year 2023 annual trust fund report with the court by the October 1st deadline.

The Clerk should immediately resolve the conditions noted above and, going forward, should accurately record activity in the financial system; receipt, invest, and disburse trust funds as required; and file the annual trust fund report with the court each year as required by the Code of Virginia.

Properly Bill and Collect Court Costs

Repeat: Yes (First issued in 2020)

The Clerk and her staff did not properly bill and collect court costs. In 11 of 28 cases tested (39%), we noted the following errors.

- The Clerk did not charge defendants in ten cases a total of \$4,231 in court costs.

- In one case, the Clerk overcharged the defendant \$300 in court costs.

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.

Establish Receivable Accounts

Repeat: No

The Clerk and her staff did not establish receivable accounts for three of ten cases tested (30%), resulting in potential losses to the Commonwealth of \$5,111 and to the locality of \$39. 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 assists 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.

Identify and Disburse Unclaimed Liabilities

Repeat: No

The Clerk did not identify and disburse all unclaimed liabilities. We noted approximately \$508,000 in outstanding checks that the clerk did not update in the financial accounting system as either cleared or unclaimed and eligible for escheatment. The Clerk is also holding \$840 in liabilities associated with concluded cases that she should have either paid or escheated. The Clerk should review all outstanding checks and liabilities she is currently holding and re-issue, disburse, or escheat, as applicable. Going forward, the Clerk should promptly clear checks in the financial accounting system and routinely monitor and disburse, when appropriate, all court liabilities as recommended by the Financial Accounting System User's Guide.

Properly Review General Ledger

Repeat: No

The Clerk did not review the monthly general ledger report and correct accounting errors. We noted a difference of \$34,974 between the liability subsidiary ledger and the general ledger; an \$8 balance in the tax set-off collections account, which should have been allocated to individual accounts; and balances in two general ledger accounts that are due to receipting errors. The Clerk should immediately resolve the difference between the general and subsidiary ledgers and the account balances noted and, going forward, should review the general ledger monthly to identify any unusual activity and correct accounting errors, as necessary.

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Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 17, 2024

The Honorable Llezelle A. Dugger
Clerk of the Circuit Court
City of Charlottesville

Juandiego Wade, Mayor
City of Charlottesville

Audit Period: April 1, 2023, through March 31, 2024
Court System: City of Charlottesville

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

LJH: clj

cc: The Honorable Claude V. Worrell II, Chief Judge
Samuel Sanders, Jr., City Manager
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia

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October 23, 2024

Staci A. Henshaw
Auditor of Public Accounts
101 North 14th Street, 8th Floor
Richmond, VA 23219

RE: Corrective Action Plan
Charlottesville Circuit Court Clerk's Office
Audit Period: April 1, 2023 through March 31, 2024

Dear Ms. Henshaw,

This Corrective Action Plan responds to the Audit Report covering April 1, 2023 through March 31, 2024.

Reconcile Bank Accounts

With the assistance of the Circuit Court Team at the Office of the Executive Secretary, two (2) former (and closed) bank accounts have been reconciled on the Financial Accounting System (FAS) and show balances of \$0.00. Our one (1) active bank account is reconciled monthly upon receiving the monthly bank statement as required by the FAS User's Guide.

Properly Manage and Report Trust Funds

As of this date, all trust funds are now properly reflected in FAS. Interest is posted on an annual basis and/or just before disbursing funds

Properly Review General Ledger

With the assistance of the Circuit Court Team at the Office of the Executive Secretary, these issues have been addressed. The General Ledger is reviewed monthly, and any accounting errors will be corrected in a timely manner.

Properly Bill and Collect Court Costs

The specific cases noted will be reviewed, and where appropriate, corrected. I shall continue my efforts to train the Deputy Clerks in my Criminal Division in this specific area. It should be noted that this Division has had the most frequent turnover in staff over the last five (5) years largely due to my Deputy Clerks taking higher paying jobs elsewhere. On July 1, 2024, the City of Charlottesville instituted a new pay scale, and all my Deputy Clerks got a significant pay increase. Now that I have Deputy Clerks being paid closer to what they are actually worth, I anticipate a lower turnover rate in my all my Divisions. Specific to my Criminal Division, I now have two (2) Deputy Clerks who are bright, quick to learn, pay attention to detail, and work together well. Both of my Criminal Division Deputy Clerks will continue to attend training classes taught by the Circuit Court Team of the Office of the Executive Secretary as they become available.

Establish Receivable Accounts

The errors cited have been corrected. The FAS report for Criminal Cases Concluded Without FMS Receivables is reviewed monthly and any accounts without receivables are processed in a timely manner.

Identify and Disburse Unclaimed Liabilities

With the assistance of the Circuit Court Team at the Office of the Executive Secretary, the clearing of old outstanding checks from two (2) former (and closed) accounts have been addressed in FAS. For our one (1) active account, checks are timely cleared in FAS. The Clerk will review the \$840 in liabilities associated with concluded cases to determine whether they should be paid out or escheated.

While audits by their very nature are stressful, the Audit Team was professional and courteous and made every effort not to disrupt the daily flow of business during their audit visit to our office. Please convey my heartfelt thanks to the Audit Team for the manner in which they conducted their business.

Very truly yours,
Signature on File

Liezelle Agustin Dugger
Clerk of Court