



KARLA S. ORTTS
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF SHENANDOAH

FOR THE PERIOD
JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

Auditor of Public Accounts
Staci A. Henshaw, CPA

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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 Account

Repeat: No

The former Clerk did not reconcile the court's bank account for five months of the audit period and did not resolve reconciling items for up to nine months. 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 statement as required by the Financial Accounting System User's Guide and record necessary adjustments to the financial system timely.

Properly Manage and Report Trust Funds

Repeat: No

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

- The former Clerk did not file an annual trust fund report with the court by the October 1st deadline for fiscal year 2023, as required by § 8.01-600 of the Code of Virginia.
- The disbursement of a \$6,885 trust fund was not recorded in the court's financial system for six months.
- The investment of a \$36,391 trust fund was not recorded in the court's financial system for two months.
- The former Clerk did not collect \$30 in Clerk's fees, pursuant to court policy, for three accounts.
- Three of the five invested accounts tested were not reported as public funds.

The Clerk should immediately resolve the conditions noted above and, going forward, should promptly record activity in the financial system; properly report trust accounts as public funds; 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 2017)

The former Clerk and her staff did not properly bill and collect court costs. In four of 35 cases tested (11%), we noted the following:

- The former Clerk overcharged defendants in two cases a total of \$1,685 in court costs.
- In two cases, the former Clerk did not charge defendants a total of \$240 in court costs.

The current Clerk should correct the specific cases noted above, seek additional training in the billing and collection of court costs for the staff, 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 costs in accordance with the Code of Virginia.

Monitor and Disburse Liabilities**Repeat:** Yes (first issued in 2018)

The former Clerk did not properly monitor and disburse court liabilities. At the end of the audit period, the former Clerk was holding \$39,670 in liabilities that she should have either paid or escheated. The current Clerk should review all liabilities she is currently holding and disburse, as applicable. In the event the Clerk cannot locate the owners of the funds, the Clerk should escheat the funds as required by § 55.1-2518 and § 55.1-2524 of the Code of Virginia. Going forward, the Clerk should routinely monitor and disburse, when appropriate, all court liabilities as recommended by the Financial Accounting System User's Guide.

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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

February 26, 2024

The Honorable Karla S. Ortt
Clerk of the Circuit Court
County of Shenandoah

Dennis Morris, Chairman
County of Shenandoah

Audit Period: January 1, 2023, through December 31, 2023
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 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 finding reported in the prior year that is 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:vks

cc: The Honorable Alexander R. Iden, Chief Judge
Evan Vass, County Administrator
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia



SHENANDOAH COUNTY CIRCUIT COURT

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KARLA S. ORTTS, CLERK

June 14, 2024

DEPUTY CLERKS
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Kristin J. Hamman
Megan Lazaro-Lopez
Lawana V. Elbon
Dana Copp
Susan P. Crider
Cameron Painter
Deirdre Dillon

Staci A. Henshaw
Auditor of Public Accounts
Post Office Box 1295
Richmond, VA 23218

In Re: Shenandoah County Circuit Court Exit Audit

Dear Ms. Henshaw:

This letter is in response to the Audit Report which was conducted in the Shenandoah Circuit Court.

I will begin with Reconcile Bank Account. The current Clerk has taken it upon herself to seek help and guidance to bring the reconciliations current to date. We asked for help due to the fact that, as of December 31, 2023, it had been five months since the account was last reconciled. We have now balanced, and in the future, if we don't balance within 2 days of receiving our bank statement, we will reach out for help. I feel this will not be a problem in the future.

Next, I would like to address Properly Manage and Report Trust Funds. The current Clerk is taking steps to make sure the Annual Trust Fund Report is filed with the court and properly scanned in prior to the deadline. Updates will be done monthly for all trust accounts. The current Clerk will collect fees in accordance with the court policy and will check into why bank accounts are not being reported as public funds.

Now, we come to Monitor and Disburse Liabilities. The accounting technician had numerous questions with regard thereto, and her questions were answered during the audit or shortly thereafter. I have signed restitution checks every month since taking over January 1, 2024. Money is now disbursed in a timely fashion and, if necessary, escheated within the appropriate time frame. However, if there are any questions, I make sure to have them answered before the checks go out.

Last, Properly Bill and Collect Court Costs. The current Clerk, as well as her staff, have engaged in Webinars to appropriately assess court costs to be in compliance with the Code of Virginia.

At this point in time, and going forward, we are continuing to work diligently to make sure the above issues are not repeated and, at the end of the 2024 year, I anticipate the Clerk's Office to be fully staffed, trainings completed, and all deadlines met.

Staci A. Henshaw
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Thank you for your attention to this matter.

Sincerely,
[Signature on File](#)

KARLA S. ORTTS, CLERK

/kso
cc: Dennis M. Morris, Chairman
Shenandoah County Board of Supervisors