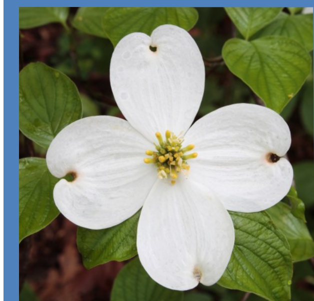


KARLA ORTTS

CLERK OF THE CIRCUIT COURT

FOR THE

COUNTY OF SHENANDOAH

FOR THE PERIOD

JANUARY 1, 2025 THROUGH DECEMBER 31, 2025

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.

Appropriately Use Non-Reverting Funds

Repeat: No

The Clerk did not use non-reverting funds in accordance with the Code of Virginia. Clerks deposit the fees charged for electronic filing and secure remote access to court records in a non-reverting local fund that is to be used exclusively for operational expenses. Section 17.1-295 of the Code of Virginia defines operational expenses as those used to maintain the clerk's office including, but not limited to, computer support, maintenance, enhancements, upgrades, and replacements; office automation and technology equipment; preserving, maintaining, and enhancing court records; and improving public access to records maintained by the clerk. During the audit period, the Clerk spent approximately $2,100 of non-reverting funds to refund state and local grantee recordation taxes and recording fees, which, according to the Circuit Court Clerk's Deed Book Manual, the Clerk does not have the authority to refund. The Clerk should use all non-reverting funds exclusively for operational expenses to maintain the clerk's office as required by the Code of Virginia. Further, the Clerk should request refunds from the Commonwealth's Tax Commissioner and the County Treasurer to replace the non-reverting funds used for the refund of taxes and fees and, going forward, should not refund grantee recordation taxes and recording fees.

Properly Assess and Bill Court Costs

Repeat: Yes (First issued in 2025 as Properly Assess and Bill Court Fines and Costs.)

The Clerk and the Clerk's staff did not properly assess and bill court costs. In 31 of 40 (78%) cases tested, we noted the following errors.

- The Clerk did not charge defendants in 13 cases a total of $14,214 in court costs.
- In 16 cases, the Clerk overcharged defendants a total of $5,462 in court costs.
- In two cases, the Clerk miscoded in the financial system costs of $250 as Commonwealth instead of local.

The amounts above are based on actual errors noted within our sample of court transactions, the impact of which we did not project to all transactions of the court. The Clerk and the Clerk's staff should correct the specific cases noted above, seek additional training in the assessment and billing of court costs, and establish a system of review to minimize the likelihood of billing errors going undetected. In all cases, the Clerk should assess and bill court costs in accordance with the Code of Virginia.

Monitor and Disburse Liabilities
Repeat: Yes (First issued in 2025)

The Clerk does not properly monitor and disburse court liabilities. At the end of the audit period, the Clerk was holding $118,024 in liabilities that she should have either paid or escheated. The 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.

Update Individual Receivable Accounts Status
Repeat: Yes (First issued in 2025)

The Clerk and her staff do not monitor and correct accounts listed on the Individual Receivable Account Status Report. Currently, there are eight credit balance accounts with six dating back to July 2024. The Clerk should review the accounts noted above and take appropriate action. Going forward, the Clerk should review this report daily and take appropriate action as needed.

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Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

August 28, 2026

The Honorable Karla Ortts
Clerk of the Circuit Court
County of Shenandoah

Timothy Taylor, Board Chair
County of Shenandoah

Review Period: January 1, 2025, through December 31, 2025
Court System: County of Shenandoah

We have reviewed the financial operations for the office of the Clerk of the Circuit Court for the County of Shenandoah, for the period noted above, pursuant to § 30-134 of the Code of Virginia. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial accounting system; evaluate the Clerk's internal controls; and test the Clerk's compliance with significant state laws, regulations, and policies related to financial operations.

The Clerk is responsible 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 information, effectiveness and efficiency of financial 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. It is our responsibility to perform procedures to the extent necessary to satisfy the objectives of this engagement.

We noted matters involving internal control and its operation necessary to bring to the Clerk'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.

We discussed these comments with the Clerk, and we acknowledge the cooperation extended to us by the Clerk and the Clerk's staff during this engagement.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LJH/vks

cc: The Honorable Kevin Black, Chief Judge
Evan Vass, County Administrator
Robyn de Socio, Executive Secretary
Compensation Board
Paul DeLosh, Director of Judicial Services
Supreme Court of Virginia

SHENANDOAH COUNTY CIRCUIT COURT

112 South Main Street, P.O. Box 406
Woodstock, VA 22664
Phone (540) 459-6150 • Fax (540) 459-6155

KARLA S. ORTTS, CLERK

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Dana Copp
Susan P. Crider
Camaron Painter
Tiffany N. Ward
Rebecca Knox
Deirdre Dillon

September 17, 2026

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

In Re: Shenandoah County Circuit Court Audit

Dear Ms. Henshaw:

This letter is my response to the Audit Report dated August 28, 2026, which was conducted in the Shenandoah Circuit Court for the year 2025.

First, I would like to address Properly Assess and Bill Court Costs. The current Clerk is still working to ensure the Deputy Clerks are getting the training they need to be able to correct this matter. There were several questions answered during the audit, and I feel that we are in a better position now. Prior to my term as clerk, deputy clerks were not given all the information they needed to do their job properly. I have been Clerk 2 years and eight months and I am still trying to get everyone trained up so that these issues do not keep occurring. Let's address the issue of locality fees in the financial system. When I was a deputy clerk, and cases were appealed from General District Court, and they were a town case, they were styled "Town of ________ v. John Doe". We knew it was a town case and they were labeled such. Sometime later, the Commonwealth agreed to prosecute the town cases and over the course of time, I guess all fines were assessed as Commonwealth fines rather than county or town. I forgot about this until it surfaced during this audit. But I could pull the old files to prove I knew what I was talking about and I was right. This issue is currently being corrected.

Now, we come to Monitor and Disburse Liabilities. It appears the exit audit for the previous clerk did not find everything and I now find myself trying to clear up accounts and forward funds to unclaimed property.

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. If there are questions, I make sure to have them answered before the checks are mailed out.

Next, Update Individual Receivable Accounts Status. We are now reviewing the reports daily and taking the necessary action.

Appropriately Use Non-Reverting Funds. A land transfer was recorded and after it was processed, the submitter realized the document was exempt from fees. The submitter requested a refund of the taxes paid. After it was brought to my attention, I remembered that we can't refund state fees. I take full responsibility for that.

My staff and I are still working to correct issues, some of which we have found on our own. I can't blame it on the fact that we don't have enough employees because we are fully staffed, however, they are still learning and will continue to learn.

The citizens of Shenandoah County elected me to do a job, and I am doing the best I can and every day we learn something new. I have a fabulous group of ladies that are willing to work together and help each other and they are not afraid to ask questions.

Thank you for your attention to this matter. Please do not hesitate to contact me for further clarification on any of these matters.

Sincerely,
Signature on File

KARLA S. ORTTS, CLERK

/kso
cc: Shenandoah County Board of Supervisors