



GARY M. WILLIAMS
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF SUSSEX

FOR THE PERIOD
APRIL 1, 2022 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: Yes (first issued in 2022)

The Clerk did not reconcile the court's bank account 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 increases the risk of loss of funds. The Clerk should immediately reconcile the court's bank account, resolving all reconciling items and, going forward, should perform monthly bank reconciliations upon receiving the bank statement as required by the Financial Accounting System User's Guide.

Promptly Deposit Collections

Repeat: Yes (first issued in 2022)

The Clerk did not promptly deposit court collections for 52 of 106 deposits tested (49%) during the audit period. While none of the delays we noted were excessive, ranging from one to two days late, delaying bank deposits increases the risk of loss of funds and has the potential to delay the remittance of state and local funds. The Clerk should make bank deposits daily as required by the Financial Accounting System User's Guide

Properly Bill and Collect Court Fines and Costs

Repeat: Yes (first issued in 2018)

The Clerk and his staff did not properly bill and collect court fines and costs. In nine of 26 cases tested (35%), we noted the following:

- For five cases the Clerk overcharged the defendant \$11,404 in court fines and costs.
- The Clerk did not charge defendants in four cases a total of \$1,695 in court costs.

The Clerk 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 costs in accordance with the Code of Virginia.

Properly Bill and Collect Grantor Taxes

Repeat: No

The Clerk did not properly bill and collect grantor taxes. In two of five deeds tested (40%), the Clerk did not properly calculate and collect Commonwealth and local grantor taxes as required by § 58.1-802 of the Code of Virginia and local ordinance, resulting in a loss of \$4,980 in one case and an overpayment of \$7,000 in the other case. The Clerk should establish appropriate procedures to ensure that the grantor tax, when applicable, is properly calculated and collected.

Monitor and Disburse Liabilities

Repeat: No

The Clerk does not properly monitor and disburse court liabilities. For six of 15 liability accounts tested (40%), the Clerk was holding a total of \$3,827 in liabilities that he should have either paid or escheated. The Clerk should review all liabilities he 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.

Establish Receivable Accounts

Repeat: Yes (first issued in 2022 as Properly Utilize Financial Reports)

The Clerk and his staff did not establish receivable accounts for any of the four cases tested (100%) resulting in a potential loss of \$1,352 to the Commonwealth and \$110 to the locality. Since the Commonwealth recovers the costs of prosecution when defendants pay the costs the Clerk assesses, the Clerk should establish receivable accounts as soon as possible after conviction.

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 this report for the audit period, review and establish any needed accounts, and bill the defendants. Going forward, the Clerk should review the report monthly and establish receivable accounts, as applicable.

Retain Voided Receipts

Repeat: No

For three of ten voided receipts tested (30%), the Clerk did not retain all copies of the receipt. Clerks must monitor and control voided transactions closely as these transactions pose an increased risk for fraudulent activity. The Clerk should not void receipts without maintaining all copies of the receipt and should ensure staff are properly trained to perform appropriate journal entries rather than unnecessarily voiding receipts.

-TABLE OF CONTENTS-

Pages

COMMENTS TO MANAGEMENT

AUDIT LETTER

1-2

CLERK'S RESPONSE AND CORRECTIVE ACTION PLAN

3-4



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 25, 2024

The Honorable Gary M. Williams
Clerk of the Circuit Court
County of Sussex

Wayne O. Jones, Board Chairman
County of Sussex

Audit Period: April 1, 2022 through December 31, 2023
Court System: County of Sussex

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 his staff during this engagement.

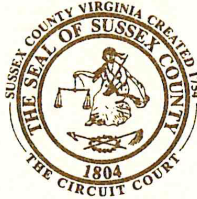
Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LH: clj

cc: The Honorable W. Edward Tomko, III, Chief Judge
Richard Douglas, County Administrator
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia

CLERK'S OFFICE
Circuit Court of Sussex County
15088 COURTHOUSE ROAD
P.O. Box 1337
SUSSEX, VIRGINIA 23884
(434) 246-1012

SIXTH JUDICIAL CIRCUIT
W. EDWARD TOMKO, III, JUDGE
CARSON E. SAUNDERS JR., JUDGE
WALLACE W. BRITTLE, JR., JUDGE



GARY M. WILLIAMS, CLERK
CAROLYN P. MATTHEWS, DEPUTY CLERK
SANDRA J. BLUNT, DEPUTY CLERK

22 June 2024

Ms. Staci A. Henshaw
Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

IN RE: Corrective Action Plan for Sussex County Circuit Court

Dear Ms. Henshaw:

In response to matters cited in your recent audit report for this office, I can only offer a somewhat limited "corrective action plan" to comply with the suggestions offered. The workload of this office is such that I have not missed a day from my office in over fourteen years. I usually arrive by 8:00 P.M. and leave about 6:30 P.M., and the public visits to this office, in person, by mail, email and by phone are such that my chief deputy and I almost invariably spent at least four or five hours here on weekends or holidays to be current with our records. We do the best we can.

I have the following comments to make on each of the seven issues brought to my attention:

1) Reconcile Bank Account - The figures shown on the daily cash reconciliation worksheets (which are verified on a daily basis) reflect all the adjustments made when I did manual reconciliations of my monthly bank statements. I keep a record of checks not returned and which would be subject to escheatment if not reissued to the rightful recipient. I also submit to the county a bill for reimbursement to my bank account to cover the service charges that banks now charge. (if this were not done, funds due the state, the county and others would indeed be whittled away.) When I get my monthly bank statement I cancel all returned checks and determine if there were any service fees or electronic payments paid by the I.R.S. and electronic payments paid to the Department of Game and Inland Fisheries. Regretfully, I have not made a full reconciliation of my checking account since this office switched its account back to the Bank of Southside Virginia in early 2021. I just cannot find the time to do this, but I really need help to accomplish this.

2) Promptly Deposit Collections - From 1989 to 2021, when a branch of BB&T was across the street from the Clerk's Office, we did make daily deposits. Now that this bank is closed, we have

transferred our account to the Bank of Southside Virginia, seven miles away. On a regular basis deposits are made about three times a week. Considering the limited staff we have, no travel funding for anyone, as well as other demands of the office, including more frequent jury trials, it is virtually impossible to make daily bank deposits.

3) Properly Bill and Collect Court Fines and Costs - We have made corrections in cases where payments are still owed. We still make mistakes, and in recognizing them we will try to avoid making them again in the future.

4) Properly Bill and Collect Grantor Taxes Understood, but the attorney in one of the cases cited provided the figures relied upon for recording a deed of assumption.

5) Monitor and Disburse Liabilities Granted there are a number of small checks to be drawn, either for escheatment or payment to the victims due restitution, but the time to do this is hard to find. I have had it on my desk since April to draw six checks to clear the accounts. I intent to get this done in the near future.

6) Establish Receivable Accounts It has long been our practice to mail a copy of court costs to defendants within a day or so after their court dates. Concluded Cases Without Receivables are a rarity.

7) Retain Voided Receipts I think the problem here is that the voided receipts were misplaced. The receipts should have been kept with the valid file copies. We understand that all three receipts for a transaction should be voided and kept together.

Much of what we fail to do is the result of time limitations. The decision of the Commonwealth's Attorney here to designate the Nguyen Ballato Law Firm as our collection agent, when mosst of the Circuit Court clerk's offices across the state defer to the Department of Taxation for this activity, has placed additional burdens on the Clerk of this Court. Monthly checks are received for the Clerk to post in about a dozen cases, as well the necessity of sending weekly checks to the law firm for fees collected. This shift, from collections that placed no action by the clerk, to collections that do, has placed competing demands on an office that was already short-handed. And, as all Clerk's Offices will acknowledge where correctional facilities have been built, the demands are much greater, with petitions for change of name, marriages and writs of habeas corpus. Thank you for your understanding.

Sincerely,

Signature on File

Gary M. Williams
Clerk of the Circuit Court
Sussex County