



MAYTEE PARHAM
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF PETERSBURG

FOR THE PERIOD
OCTOBER 1, 2019 THROUGH JUNE 30, 2021

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 and the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Reconcile Bank Account

Repeat: No

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 perform monthly bank reconciliations upon receiving the bank statements as required by the financial accounting system user's guide.

Properly Report and Escheat Unclaimed Property

Repeat: No

The Clerk did not properly report and escheat unclaimed property. Unclaimed property in the amount of \$11,474 was remitted to the Commonwealth without the required forms necessary to identify the account holders. In addition, the Clerk was unable to provide evidence that the proper due diligence was performed prior to escheatment. The Clerk is also holding \$13,610 in unclaimed restitution that should have been escheated to the Criminal Injuries Compensation Fund.

The Clerk should review all funds she is currently holding that have been unclaimed for over a year and escheat eligible funds after the necessary due diligence has been performed. Going forward, the Clerk should escheat eligible unclaimed property no later than November 1st each year to the Virginia Department of the Treasury's Division of Unclaimed Property and the Criminal Injuries Compensation Fund, as required by § 55.1-2518, 55.1-2524, and 19.2-305.1 of the Code of Virginia.

Update Individual Receivable Accounts Status

Repeat: No

The Clerk did not update and remove accounts from appeal status when applicable. The court had 15 accounts in appeal status that remained on the *Individual Account Status* report for the entire audit period. Accounts should only be in appeal status when the Judge approves a stay in the sentence.

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

Establish Receivable Accounts

Repeat: No

The Clerk and her staff did not establish receivable accounts for 19 of 85 cases tested (22%) resulting in potential losses to the Commonwealth of \$5,818 and to the locality of \$917. 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 assist 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, bill the defendants, and implement procedures to ensure these reports are used on a monthly basis and receivable accounts are established, as applicable.

Request Tax Set-Off Refunds

Repeat: No

The Clerk did not submit claims to the Virginia Department of Taxation (Taxation) for tax setoff of refunds for delinquent court fines and costs totaling \$14,264, resulting in a loss of revenue to the Commonwealth and locality. A court must submit claims for set-off of tax refunds through Taxation's automated accounting system. The Clerk should use the tax refund set-off process to maximize collections as required by the Code of Virginia.

Promptly Prepare Court Orders

Repeat: Yes (First issued to former Clerk in 2018. New finding for current Clerk.)

The Clerk did not prepare and enter court orders timely. For six of 76 cases tested (8%), the final sentencing orders had not been prepared as required. The Circuit Court Clerk's Criminal Manual states the function of a court order is to record what transpired in court and to memorialize the court's disposition. Court orders should be prepared and entered in a timely manner to ensure the proceedings of the court are properly recorded and available for review.

The Clerk should prepare orders for the cases noted during the audit and should establish procedures to ensure final court orders are prepared timely.

Properly Bill and Collect Court Fines and Costs

Repeat: Yes (First issued to former Clerk in 2013. New finding for current Clerk.)

The Clerk and her staff did not properly bill and collect court fines and costs. In 39 of 66 cases tested (59%), we noted the following errors.

- Defendants in 18 cases were not charged \$11,045 in fines and costs.
- In eight cases, defendants were overcharged \$5,088 in fines and costs.
- For six cases, the Clerk miscoded fines and costs of \$1,367 in the financial system as Commonwealth instead of local.
- Attorney invoices for seven cases, totaling \$1,045, were erroneously sent to the Commonwealth for payment instead of the locality.

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.

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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 7, 2021

The Honorable Maytee Parham
Clerk of the Circuit Court
City of Petersburg

Samuel Parham, Mayor
City of Petersburg

Audit Period: October 1, 2019, through June 30, 2021
Court System: City of Petersburg

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.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LH: clj

cc: The Honorable Paul W. Cella, Chief Judge
Stuart Turille, City Manager
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



THE HONORABLE MAYTEE E. PARHAM
Clerk of Circuit Court
City of Petersburg, Virginia

October 18, 2021


Staci A. Henshaw
Auditor of Public Accounts
Commonwealth of Virginia

Corrective Action Plan for Audit Period October 1, 2019 – June 30, 2021
Court System: City of Petersburg

1. Reconcile Bank Account
 - i. All bank reconciliations are up to date, verified and completed.
 - ii. The Clerk used internal methods to reconcile bank accounts and was unable to initially use the OES financial system to verify accounts receivable and payable.
 - iii. The clerk and two other deputies are trained to calculate and verify OES Bank Reconciliation Worksheet.
2. Properly Report and Escheat Unclaimed Property
 - i. The Clerk reviewed all funds currently held that have been unclaimed for years and escheated eligible funds after the necessary due diligence had been performed.
 - ii. Going forward, the Clerk shall escheat eligible unclaimed property no later than November 1st each year to the Virginia Department of the Treasury's Division of Unclaimed Property and the Criminal Injuries Compensation Fund, as required by § 55.1-2518, 55.1-2524, and 19.2-305.1 of the Code of Virginia.
3. Update Individual Receivable Account status
 - i. The Clerk updated the individual accounts noted during the audit, reviewed, took appropriate and timely action on all accounts in appeal status as recommended by the financial accounting system user's guide.
 - ii. Three deputy clerks are now trained to process appeals and update accounts.
4. Establish Receivable Accounts
 - i. The Clerk requested the Concluded Cases without Receivables reports for this audit period, reviewed, and established needed accounts, billed the defendants, and implemented procedures to ensure these reports are used monthly and receivable accounts are established, as applicable.
 - ii. All courtroom clerks and the finance clerk have been trained to read monthly report and establish accounts as needed.
5. Request Tax Set-Off Refunds
 - i. The Clerk and one other deputy clerk are now trained and certified to complete Tax Set Off Program.
6. Promptly Prepare Court Orders
 - i. Back orders have been scanned and completed. The current Clerk found dozens of boxes of incomplete orders going back to 2015 in various locations around the office.
 - ii. The Clerk installed scanner to courtroom desktops, so that courtroom clerks may scan and update in real time.
 - iii. The internal Clerk policy is to have orders scanned and completed within two business days.

7. Properly Bill and Collect Court Fines and Costs

- i. The Clerk and her staff corrected the specific cases noted above. Cases were associated with clerks from prior administration that are no longer with the office.
- ii. The Clerk instituted a more diligent system of review to minimize the likelihood of billing errors going undetected-
 - Daily internal audits of cost and fines are completed by a deputy not assigned to the case.
 - Monthly internal audit is now completed by the Clerk using OES fines summary report.



Maytee E. Parham
Clerk of Circuit Court
City of Petersburg, Virginia

10/18/2021

Date