



SARONA S. IRVIN  
CLERK OF THE CIRCUIT COURT  
FOR THE  
COUNTY OF SHENANDOAH

REPORT ON AUDIT  
FOR THE PERIOD  
JULY 1, 2014 THROUGH SEPTEMBER 15, 2015

Auditor of Public Accounts  
Martha S. Mavredes, CPA  
[www.apa.virginia.gov](http://www.apa.virginia.gov)  
(804) 225-3350



## COMMENTS TO MANAGEMENT

We noted the following matters involving internal control and its operation that has led or could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

### **Monitor and Disburse Liabilities (Repeat Finding)**

The former Clerk did not properly monitor and disburse liabilities. Specifically, the former Clerk held funds from bonds, refund accounts, and restitution longer than appropriate. These funds should be researched and disbursed to defendants immediately upon completion of a case or according to the Code of Virginia. In addition, when appropriate, unclaimed liabilities should be escheated to the Division of Unclaimed Property.

The Clerk should monitor all accounts and promptly disburse funds. Failure to monitor funds held for others could result in inaccurate reporting to the Commonwealth and excessive delays in disbursements.

### **Request Tax Set-Off Refunds**

The former Clerk did not submit claims to the Virginia Department of Taxation (TAX) for tax refund set-off for delinquent court costs and fines totaling \$1,856, resulting in a loss of revenue to the Commonwealth and locality. The Clerk's staff relies upon automated emails generated by TAX as notification of a claim rather than periodically logging into TAX's automated system.

A court must submit claims for tax set-off of tax refunds through TAX's automated system, the Integrated Revenue Management System. The Clerk should use the tax refund set-off process to maximize collections as required by the Code of Virginia.

### **Properly Assess Court Costs and Calculate Due Dates**

The former Clerk and her staff did not properly bill and collect court costs, resulting in a loss of revenue to the Commonwealth and Locality, and did not calculate due dates as ordered. In eleven of 30 cases tested, we noted the following errors:

- Defendants were overcharged \$2,535 for attorney fees and \$125 in court costs
- Defendants were not billed for \$180 in attorney fees
- In six cases the due dates were not calculated as ordered by the court.

The Clerk should correct these specific cases noted above and work with her staff to ensure they understand the billing and collection requirements and appropriately calculate due dates. Additionally, the Clerk should establish procedures to review her staff's work in order to eliminate these types of errors.

### **Properly Assess DNA Fees**

The former Clerk did not utilize information available through the Local Inmate Data System (LIDS) to determine whether or not a defendant needs to have a DNA sample taken, the cost of which the defendant must pay. Section 19.2-310.2 of the Code of Virginia requires defendants to pay for the taking of DNA samples when convicted of felonies and certain misdemeanor offenses. However, the defendant is not required to pay if a sample has already been obtained on previous convictions, and this is determined through information available in LIDS. The Clerk should obtain access to LIDS in order determine if DNA has already been taken from a defendant and assess the DNA fee when appropriate.

### **Promptly Post Interest for Trust Funds**

The former Clerk and her staff did not promptly post interest to trust fund accounts. In two of five cases tested, interest had not been recorded in the Clerk's financial system in almost a year. The Clerk should establish procedures to post interest at regular intervals to ensure an accurate accounting of invested funds.

## –TABLE OF CONTENTS–

	<u>Pages</u>
COMMENTS TO MANAGEMENT	
AUDIT LETTER	1
CLERK’S RESPONSE AND CORRECTIVE ACTION PLAN	2-3



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

March 1, 2016

The Honorable Sarona S. Irvin  
Clerk of the Circuit Court  
County of Shenandoah

Conrad Helsley, Chairman  
County of Shenandoah

Audit Period: July 1, 2014 through September 15, 2015  
Court System: County of Shenandoah

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System 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 court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:alh

cc: The Honorable Thomas J. Wilson, IV, Chief Judge  
Mary T. Price, County Administrator  
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



## SHENANDOAH COUNTY CIRCUIT COURT

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

**SARONA S. IRVIN, CLERK**

### DEPUTY CLERKS

Cynthia D. Kibler  
Karla S. Ortt  
Daphne E. Bright  
Diana J. Breeden  
Andrea L. Harris  
Jan R. Davidson  
Deirdre L. Dillon  
Elise G. Sager

February 29, 2016

Martha S. Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

RE: Audit Period 07/01/2014 thru 09/15/2015  
Response to Audit Report

Ms. Mavredes:

Please accept this letter as our court's written corrective action plan to the audit findings for the audit period referenced above.

**Monitor and Disburse Liabilities:** As not only the newly elected Clerk, effective January 1, 2016, but the prior Chief Deputy Clerk of Shenandoah County Circuit Court, I was majorly responsible for the accounting matters in our court. However, as Chief Deputy, I was needed in many other areas in our understaffed office. With my election I have hired and am training an accounting technician to focus solely on the daily financial obligations of our court. The new financial technician began work in our office on January 19, 2016. Since that date she has worked diligently to distribute restitution funds, bonds and refunds accounts that are to be paid out. An example of her dedicated focus to get these funds paid out is how she has reduced the restitution due to be paid out. Per the daily BU06 report, as of January 14, 2016, there were 143 criminal cases with approximately \$97,300 to be disbursed. As of February 25, 2016, the restitution has been reduced to 34 criminal cases with \$26,270 in restitution funds to be disbursed. I feel with this great progress in only six (6) weeks we will quickly be able to get the funds distributed and the new accounting technician will continue to keep a weekly check on the BU06 report to promptly pay out funds as ordered by the Court in a prompt and timely manner. For the funds whose owners, victims or payees are not ascertainable, the accounting technician will turn over these unclaimed funds to either Criminal Injuries Compensation Fund or Virginia Unclaimed Properties as provided in the Code of Virginia. These funds will be escheated in a timely manner, but no less than once per year.

**Request Tax Set-Off Refunds:** The \$1,856 tax set-off amount referenced in this audit finding section was in the late fall of the year and was not a tax refund, but rather lottery winnings. This court does routinely follow the tax refund set-off process to maximize collections as required by the Code of Virginia, however, when this claim notice was received, due to the heavy work load and time of year, the claim was not marked as certified in the time frame required, partly due to the Chief Deputy IRMS log-in not working properly, until she contacted the proper parties to correct, the funds had defaulted back into the set-off debt program and were no longer available for our office.



The corrective action for these matters in the future will be to promptly check the notifications received by the Virginia Department of Taxation on the same day received, to ensure all claims are timely made, notices provided and the monies claimed against court costs through TAX's automated system, the Integrated Revenue Management System (IRMS) are received and credited to each Criminal Defendant's balance due.

**Properly Assess Court Costs and Calculate Due Dates:** The Clerk discussed, with the auditor, the finding of not properly billing and collecting court costs. As the new Clerk I have reviewed the laws and Supreme Court Manuals regarding the assessment of costs in each criminal case and will train the Deputy Clerks working with assessing criminal costs to be sure these amounts are properly and timely assessed in the future. The list of errors found by the auditor for this period will be reviewed and corrected as necessary. Further, as Clerk, I will monitor the other Deputy Clerk's work in order to avoid these same mistakes in the future.

**Properly Assess DNA Fees:** The Clerk has inquired about log-in privileges to the Local Inmate Data System (LIDS) so that our office has access to the necessary data to determine if a criminal defendant needs to have a DNA sample taken. Once this access to LIDS is granted, our office will be able to properly determine if the DNA fee needs to be assessed, pursuant to §19.2-310.2 of the Code of Virginia, to each Defendant sentenced in our court.

**Promptly Post Interest for Trust Funds:** The newly hired accounting technician is being trained to post the interest on either a monthly or quarterly basis for the trust fund accounts, according to the interval of posting provided with regard to their invested accounts. As previously stated, this new employee will focus solely on financial matters of our court and this concentration will assure that all future interest postings will be made in a timely manner.

In closing, I pledge to your firm and the citizens of this county that great effort will be made to assure that all findings revealed in this audit period will be corrected during my tenure as Clerk. Further, I will constantly strive to train my Deputy Clerks to not only assist all public, attorneys, judges and any party doing business with our Court with the utmost courtesy and respect, but also in accordance with the Code of Virginia and in accordance with standards and best practices set forth in the Supreme Court of Virginia manuals and the Auditors of Public Accounts.

I extend my gratitude to your staff for the time and attention dedicated to our office's audit.

Sincerely,



Sarona S. Irvin, Clerk