

**DENISE F. BARB-ESTEP
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF SHENANDOAH**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2009 THROUGH MARCH 31, 2010**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

August 23, 2010

The Honorable Denise F. Barb-Estep
Clerk of the Circuit Court
County of Shenandoah

Board of Supervisors
County of Shenandoah

Audit Period: April 1, 2009 through March 31, 2010
Court System: County of Shenandoah

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and 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

WJK:alh

cc: The Honorable James V. Lane, Chief Judge
Vincent E. Poling, 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

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.

Properly Monitor and Disburse Funds

As noted in the prior audit, the Clerk does not properly monitor and disburse amounts due to others or escheat fund to the Commonwealth as required by the Code of Virginia.

- The Clerk did not research and disburse restitution of \$169,253 with interest of \$3,339 to defendants; disburse criminal bonds totaling \$1,000; and make two refunds totaling \$33.
- The Clerk is holding 117 unclaimed property accounts totaling \$63,557.9, because the Clerk has not filed the. Unclaimed Property reports to the State Treasurer as required by Section 55-210.12 of the Code of Virginia.

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

Properly Account for State and Local Recordation Taxes

The clerk issued a check to refund state and local recordation taxes of \$1,151.67, after having sent the money to the Commonwealth and locality. The Clerk should have followed the guidance in Section 58.1-1825 of the Code of Virginia and the Financial Management System User's Guide, Chapter 9.

Properly Enter Data, Court Cost and Fees

In 20 cases tested, we found errors in six cases.

- In one case, the Clerk recorded a fine as a locality charge, resulting in a loss of revenue to the Commonwealth of \$250.
- In one case, the Clerk recorded the "Tried in Absence Fee" of \$20 as a court-appointed attorney fee.
- In one case, the defendant was not charged the proper court-appointed attorney fee, resulting in a loss of revenue to the Commonwealth of \$445; and the Clerk did not enter the start date for an installment agreement, causing a delay in collection.
- In two cases, the Clerk entered incomplete installment agreement information, therefore, the computer system did not calculate the correct due date.
- The Clerk did not record one case in the Financial Management System for up to 48 days, which delayed docketing the case for 49 days, resulting in the delay of collection of \$995 as an account receivable.

The Clerk should ensure a receivable account is set up in FMS and properly document all judgments in accordance Section 19.2-336 of the Code of Virginia and Chapter 2 of the Virginia Clerk's Miscellaneous Procedures Manual.



SHENANDOAH COUNTY CIRCUIT COURT

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DENISE F. BARB-ESTEP, CLERK

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Daphne E. Bright

August 24, 2010

Auditor of Public Accounts
Mr. Walter Kucharski

Corrective Action Plan for Audit Report

Properly Monitor and Disburse Funds

The Clerk has researched and disbursed restitution and interest, if Ordered, in the amount of \$40,342.50; has disbursed criminal bonds totaling \$1,000; and made two refunds totaling \$33.

The Clerk is sending out 63 due diligence letters for unclaimed restitution amounting to \$67,845.54 and 13 due diligence letters for unclaimed property amounting to \$1,729.53 on or before September 1, 2010 to report as unclaimed property to the State Treasurer by November 1, 2010.

Properly enter Data, Court Costs and Fees

The fine of \$250.00 recorded as a locality charge was an appeal from the General District Court for the Town of Strasburg and was prosecuted by the Town Attorney. That is why the fine was recorded as a Town of Strasburg fee.

The case where the court appointed attorney fee of \$445.00 was not charged properly was corrected to add the fee so there was no loss of revenue to the Commonwealth. The probation officer, from Frederick County, signed the Defendant on a payment plan and the Defendant brought that plan to this office on October 5, 2009 at which time the plan was entered and he began making payments on that day and is currently making payments to the Court. In this Court, the probation officers set up the Defendant's on payment plans within a few days or weeks of their sentencing date and then remit those plans to this office for entry and collection.

Respectively submitted

Denise F. Barb Estep, Clerk