



SUSAN DUCKWORTH
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF GREENE

FOR THE PERIOD
APRIL 1, 2020 THROUGH SEPTEMBER 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA

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COMMENTS TO MANAGEMENT

With over 800 duties assigned to the role by the Code of Virginia, the Clerk of the Circuit Court has many important responsibilities. Thus, it is critical for the Clerk to provide the proper oversight of staff and to exhibit the appropriate tone at the top related to the importance of internal controls over the court's operations, which we found to be inadequate during this audit. We noted numerous deficiencies involving internal control and its operation across multiple areas 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.

Properly Bill and Collect Court Fines and Costs

Repeat: No

The Clerk and her staff did not properly bill and collect court fines and costs. In seven of 33 cases tested (21%), we noted the Clerk did not charge six defendants for a total of \$1,300 in court costs and overcharged one defendant by \$250. The Clerk and her staff should correct the specific cases noted above, seek additional training in the billing and collection of fines and 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 Code of Virginia.

Participate in the Tax Set-Off Debt Collection Program

Repeat: No

The Clerk has not completed the required training to participate in the Virginia Department of Taxation's Set-Off Debt Collection Program. Section 58.1-521 of the Code of Virginia directs that all state agencies and institutions participate in the debt set-off collection program. The Clerk should complete the required training to be able to use the tax refund set-off process as required by the Code of Virginia to maximize collections.

Reconcile Bank Account

Repeat: Yes (first issued in 2020)

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 checking 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: No

The Clerk did not promptly deposit court collections. From August 2020 to November 2021, we tested collections from a total of 320 days and found 26 delays in depositing court collections of between

one and seven business days, and three days for which we are unable to determine whether the Clerk has deposited the collections. Delaying bank deposits increases the risk of loss of funds and could affect the Clerk's compliance with § 2.2-806 of the Code of Virginia, which requires the Clerk to disburse state funds to the Commonwealth twice each week, or once a week if collections are less than \$5,000. The Clerk should make bank deposits daily as required by the Financial Accounting System User's Guide.

Disburse State Funds Timely

Repeat: No

The Clerk did not disburse state fines, costs, and fees timely. After the audit period end date, we noted the Clerk was holding \$117,998 in state revenue collected during January 2022 and did not disburse it until the end of February 2022. Section 2.2-806 of the Code of Virginia requires the Clerk to disburse state funds to the Commonwealth twice each week, or once a week if collections are less than \$5,000. The Clerk should remit state revenue to the Commonwealth in accordance with the Code of Virginia.

Monitor and Disburse Liabilities

Repeat: No

The Clerk does not monitor and disburse court liabilities. At the end of the audit period, the Clerk was holding \$32,820 in restitution, which she should have paid out to crime victims and \$252 in other liabilities. The Clerk should disburse the amounts noted during the audit and, going forward, should monitor and disburse liabilities monthly as recommended by the Financial Accounting System User's Guide.

Escheat Unclaimed Property

Repeat: No

The Clerk did not escheat unclaimed property as required by § 55.1-2524 and §19.2-305.1(l) of the Code of Virginia. At the end of the audit period, the Clerk was holding \$16,752 in unclaimed funds. The Clerk should remit these funds to the Virginia Department of the Treasury Division of Unclaimed Property and the Criminal Injuries Compensation Fund, as applicable, and annually escheat all unclaimed funds as required by the Code of Virginia.

Record Trust Fund Activity

Repeat: No

The Clerk did not record in the court's financial system \$58,000 in trust funds and did not post \$768 in interest to trust fund accounts. The Clerk should immediately record all omitted trust fund activity in the court's financial system and, going forward, should record all trust fund activity when she receives or disburses funds and post interest upon receipt of the trust fund bank statements.

Prepare and File Annual Trust Fund Report**Repeat:** No

The Clerk did not file with the court an annual report of trust funds during the audit period. Section 8.01-600 of the Code of Virginia requires the Clerk to file an annual trust fund report with the court no later than October 1 of each year and record the report in the court's trust fund order book. The Clerk should immediately file the fiscal year 2021 trust fund report with the court and record it in the court's trust fund order book. Additionally, the Clerk should file an annual trust fund report each year in accordance with Code of Virginia requirements.

Properly Document Voided Transactions**Repeat:** No

The Clerk does not properly document voided transactions. For two of eight voids tested (25%), we noted the Clerk did not document the reason for one of the voids and did not document the amount of the other void in the daily accounting records. Voided transactions pose an increased risk for fraudulent activity and, as such, must be monitored and controlled closely. The Clerk should properly document all voided transactions, maintaining all copies of the voided receipts and completing the applicable accounting paperwork, as required by the Financial Accounting System User's Guide.

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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

May 10, 2022

The Honorable Susan Duckworth
Clerk of the Circuit Court
County of Greene

Marie C. Durrer, Chairman
County of Greene

Audit Period: April 1, 2020, through September 30, 2021
Court System: County of Greene

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. The Clerk did not provide us with a response or written corrective action plan for this report.

The Clerk was not present and did not respond to audit inquiries during the engagement; therefore, we have not discussed these comments with the Clerk. However, we acknowledge the cooperation extended to us by the Clerk's staff during this engagement.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LJH:vks

cc: The Honorable Claude V. Worrell, Jr., Chief Judge
Mark B. Taylor, County Administrator
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia