



CAROLYN H. HONEYCUTT
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF CARROLL

REPORT ON AUDIT
FOR THE PERIOD

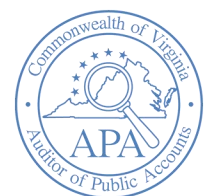
JANUARY 1, 2014 THROUGH FEBRUARY 28, 2015

Auditor of Public Accounts

Martha S. Mavredes, CPA

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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.

Improve Management over Liabilities and Trust Funds (Repeat Finding)

The former Clerk did not have adequate internal controls over trust funds and other liabilities. Specifically, we noted the following conditions.

- As of February 2015, the former Clerk was holding \$3,263 in liabilities and \$58 in unidentified funds that should have been escheated or otherwise disbursed.
- Delayed recording of two trust fund disbursements in the automated accounting system for up to eight weeks after disbursing the funds to the beneficiaries.
- Delayed recording of five trust funds as such in the automated accounting system for up to 15 weeks after receipting the funds. The monies were initially recorded in an account other than the trust fund account in the Clerk's accounting system, thus understating trust funds on the court's general ledger and creating the risk that the funds would not be invested timely.

The Interim Clerk should work with her staff and review the status of all liability accounts. The Interim Clerk should remit all eligible unclaimed property and restitution to the respective agencies and ensure that all trust fund activity has been recorded in the accounting system.

Properly Bill and Collect Court Fines and Costs (Repeat Finding)

The former Clerk and her staff did not properly bill and collect court fines and costs. In 12 of 28 cases tested, the former Clerk made the following errors.

- In three cases, fines of \$775 were miscoded as local instead of state, resulting in a loss of revenue to the Commonwealth.
- In one local case, the \$300 fine was miscoded as state instead of local. In another local case, a \$250 fine was miscoded as a county fine instead of a city fine.
- In three local cases, court appointed attorney bills totaling \$492 were sent to the Commonwealth for payment instead of to the locality.
- In five cases, defendants were not billed for a total of \$437 in court costs, resulting in a loss of revenue to the Commonwealth.

- In four cases, defendants were overcharged court costs of \$402.

The Interim Clerk and her staff should correct the specific cases noted above. The Clerk's staff indicated they had not been properly trained in the assessment of criminal court fines and costs. To address this, the Interim Clerk should request training from the Office of the Executive Secretary of Supreme Court of Virginia to ensure that fines and costs are assessed and collected in accordance with the Code of Virginia.

Reconcile Bank Account (Repeat Finding)

The former Clerk never reconciled 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 Interim Clerk should reconcile accounting system balances to the bank statement monthly and resolve all differences immediately as required by the Financial Management System User's Guide.

Retain Subscriber Agreements

In four of six secure remote access subscribers tested, the former Clerk did not retain the subscriber agreements. Section 17.1-276 of the Code of Virginia requires the Clerk to enter into an agreement with each person whom the Clerk authorizes to have remote access to the Clerk's records. Completed subscriber agreements provide written proof that subscribers accept the terms and conditions of the agreement including the responsibility to the Clerk for the payment of fees and the proper use of the website.

The Interim Clerk should obtain and maintain signed agreements from all subscribers accessing the court's records remotely.

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Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 1, 2015

The Honorable Janice D. Jessup
Interim Clerk of the Circuit Court
County of Carroll

Phil D. McCraw, Board Chairman
County of Carroll

Audit Period: January 1, 2014 through February 28, 2015
Court System: County of Carroll

We have audited the cash receipts and disbursements of the former Clerk of the Circuit Court for this Court System, who retired on February 28, 2015, 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 Interim Clerk are included as an enclosure to this report.

We discussed these comments with the Interim Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

MSM:alh

cc: The Honorable Marcus H. Long, Jr., Chief Judge
Gary P. Larowe, 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

CLERK'S OFFICE
CARROLL COUNTY CIRCUIT COURT

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June 24, 2015

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

Dear Ms. Mavredes:

With the limited staff that I have, I will focus on trying to get these matters corrected in a timely manner.

I would like to say how much we appreciated the time that the auditor spent in explaining how to correct these issues.

Sincerely,



Janice Jessup
Interim Clerk