



TERESA J. BROWN
CLERK OF THE CIRCUIT COURT
FOR THE
COUNTY OF FRANKLIN

FOR THE PERIOD
JANUARY 1, 2014 THROUGH JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA
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COMMENTS TO MANAGEMENT

We noted the following matter 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.

Timely Investment of Trust Funds

Since March 2015, the Clerk has maintained \$3,755 in trust funds in the court's checking account. Although the court has a separate general receiver, the court ordered that the Clerk hold and invest these funds. Pursuant to a subsequent court order signed in September 2015, the Clerk disbursed the funds to the General Receiver. According to Section 8.01-600 of the Code of Virginia, the Clerk is liable for any loss of income resulting from the failure to invest trust fund monies within 60 days of the court order. In this case, the Clerk is liable for the interest the trust fund would have earned from 60 days after the initial court order until the time the funds were turned over to the General Receiver.

The Clerk should determine the amount of lost interest income and how that amount will be paid to the General Receiver for the trust fund. In the future, if the Clerk is ordered to hold trust fund monies, she should promptly invest the funds in accordance with the Code of Virginia.

- TABLE OF CONTENTS -

	<u>Pages</u>
COMMENTS TO MANAGEMENT	
AUDIT LETTER	1-2
CLERK'S RESPONSE	3



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 27, 2015

The Honorable Teresa J. Brown
Clerk of the Circuit Court
County of Franklin

Cline Brubaker, Board Chairman
County of Franklin

Audit Period: January 1, 2014 through June 30, 2015
Court System: County of Franklin

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 a matter involving internal control and its operation necessary to bring to management's attention. The matter is discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate this matter provided by the Clerk are included as an enclosure to this report.

The Clerk has taken adequate corrective action with respect to the internal control finding reported in the prior year that is not repeated in this report.

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

AUDITOR OF PUBLIC ACCOUNTS

MSM: clj

cc: The Honorable Joseph W. Milam, Jr., Chief Judge
Brent Robertson, 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



TERESA J. BROWN, CLERK

FRANKLIN COUNTY
OFFICE OF
CLERK OF THE CIRCUIT COURT
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CLYDE H. PERDUE, JR., JUDGE

October 13, 2015

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

Dear Ms. Mavredes:

In response to the audit report for the Circuit Court of Franklin County, I contacted Union First, General Receiver for Franklin County. This particular cd is paying .75%. The monthly interest is \$2.34. The court order was entered March 29, 2015. I personally paid for the six month period of lost interest income and deposited the funds in the amount of \$14.04 with the General Receiver (see attachment). I have instructed my staff to not accept any court orders that state funds are to be held and invested by the Clerk.

This office will continue to strive to disburse funds collected in accordance with the Code of Virginia.

Respectfully submitted,

Teresa J. Brown, Clerk