



GEORGE SCHAEFER
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF NORFOLK

FOR THE PERIOD
APRIL 1, 2023 THROUGH MARCH 31, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

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 noncompliance with laws and regulations, the loss of assets or revenues, or otherwise compromise the Clerk's fiscal accountability.

Maintain Accounting Records

Repeat: No

The Clerk could not produce for audit 33 of 93 credit card receipts (35%) requested. The Financial Accounting System User's Guide requires the Clerk to keep supporting documentation for a period of six months after audit. We recommend the Clerk review the accounting record retention schedule with his staff and maintain all accounting records in accordance with the Financial Accounting System User's Guide.

Properly Process Passport Payments

Repeat: No

The Clerk does not properly process passport payments. The United States Department of State (State Department) procedures for executing passports require the applicant to pay the passport fee directly to the State Department by check or money order and include specific information on the checks to properly identify the applicant. During the audit period, the Clerk accepted over \$1.9 million in passport fees made payable to the Clerk's office instead of the State Department. By accepting payments made payable to the Clerk's office instead of the State Department, the Clerk must issue a check, which does not contain all the required applicant information, to the State Department when submitting the passport applications. This creates an unnecessary risk for the Clerk's office should an applicant's check be returned for insufficient funds. The Clerk should follow the State Department's regulations when processing passport applications and fees.

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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

September 18, 2024

The Honorable George Schaefer
Clerk of the Circuit Court
City of Norfolk

Kenneth Alexander, Mayor
City of Norfolk

Audit Period: April 1, 2023, through March 31, 2024
Court System: City of Norfolk

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. Any written corrective action plan to remediate these matters provided by the Clerk is included as an enclosure to this report. We did not validate the Clerk's corrective action plan and, accordingly, cannot take a position on whether it adequately addresses the issues in this report.

The Clerk has taken corrective action to remediate the internal control finding that we reported in the previous audit.

We discussed these comments with the Clerk, and we acknowledge the cooperation extended to us by the Clerk and his staff during this engagement.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LJH: clj

cc: The Honorable Tasha D. Scott, Chief Judge
Patrick Roberts, City Manager
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia



Commonwealth of Virginia
Office of the Clerk
Fourth Judicial Circuit
Norfolk Circuit Court

150 Saint Paul's Blvd, 7th Fl
Norfolk, Virginia 23510
Phone: (757) 389-8942
www.norfolkcircuitcourt.us

Clerk of Court
George E. Schaefer

Chief Deputy
Thomas A. Larson

Executive Assistant
Toni Duquette

Supervising Deputies

Criminal
Davina Lyles

Civil, Deeds & Probate
Crystal Daniels

Licenses, Permits, Finance
& Jury
Gerald L. Stokes

Comptroller
Nicholas D. Georges

IT Manager
Gregg J. Duquette

Staci A. Henshaw
Auditor of Public Accounts
James Monroe Building
101 North 14th Street 8th Floor
Richmond, Virginia 23219

November 13, 2024

Dear Ms. Henshaw,

I have received your audit findings for this court, covering the period of April 1, 2023 to March 31, 2024.

The finding concerning the 33 of 93 credit card missing receipts were a direct result of a critical computer failure causing the loss of all digital receipts. We were able to recover most of the receipts through vendor contact to regenerate the receipts. We have since implemented a 2 step process that stores digital receipt back-ups on an external secure drive as well as maintaining paper copies of each receipt until 6 months after audit. We believe that this procedure comports with the Financial Accounting System User's Guide.

The finding related to the processing of passport payments was accomplished due to citizen requests to utilize credit card for the payment of passport fees. With the massive military community now required to obtain passports prior to overseas deployment, we were meeting the needs required to process 12,000 passport application per year, primarily for the military community and their families. We are working with the US State Department to update the procedures to meet current needs of our citizens and in the meantime, we have changed our process to follow current, yet outdated passport payment regulations.

As always, the level of professionalism shown by your staff is exemplary, and working together has been a pleasure.

Sincerely,

George E. Schaefer, Clerk