

**GEORGE E. SCHAEFER
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF NORFOLK**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

April 14, 2010

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

City Council
City of Norfolk

Audit Period: January 1, 2009 through December 31, 2009
Court System: City of Norfolk

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 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.

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

WJK: clj

cc: The Honorable Everett A. Martin Jr., Chief Judge
Regina V. K. Williams, City Manager
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 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.

Properly Record and Collect Fines and Costs

The Clerk does not properly record and collect fines and costs as required by Sections 19.2-163, 19.2-340 and 17.1-275 of the Code of Virginia. Specifically, in 60 cases tested, we noted the following errors:

- In one case, the Clerk overbilled the defendant by \$1,775.50 more than the Clerk submitted for reimbursement or the court appointed attorney can receive.
- In four cases involving appeals from the district court, the Clerk either did not bill defendants at all or billed them at a different amount than the district court certified for court-appointed attorneys. These errors resulted in a potential loss of revenue to the Commonwealth totaling \$625 and potential overpayments to the locality by defendants totaling \$456.
- In five local cases, the Commonwealth paid for court appointed attorneys but the Clerk failed to request reimbursement from the locality, resulting in a loss of revenue to the Commonwealth totaling \$790.
- In two cases involving local charges, the Clerk billed defendants for less than the required court appointed attorney fees, resulting in a potential loss of revenue to the locality totaling \$148.
- In one case, the Clerk did not record a judgment in the judgment docket book.
- In two cases, the Clerk used a local account code to record state fees resulting in a loss to the Commonwealth totaling \$165.

We recommend the Clerk research all similar cases, make the appropriate corrections to case paperwork, and refund overpayments to defendants, and where appropriate, bill the locality for the applicable court appointed attorney fees.

Clerk of Court
George E. Schaefer

Chief Deputy
Thomas A. Larson

Executive Assistant
Cheryl A. Dougherty

Comptroller
Nicholas D. Georges

COMMONWEALTH OF VIRGINIA



OFFICE OF THE CLERK FOURTH JUDICIAL CIRCUIT NORFOLK CIRCUIT COURT

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Criminal
DaVida M. Davis

Civil
Anthony Fuller

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Finance**
Gerald L. Stokes

**Wills, Estates and
Deeds**
Michele M. Evans

April 5, 2010

Mr. Walter J. Kucharski
Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Re: Annual Audit findings for the period January 1, 2009 through December 31, 2009

Dear Mr. Kucharski;

With response the audit findings, the following is provided;

Specifically, Properly Enter and Collect Fines and Costs.

Based on an extensive review of the preliminary findings report, we have determined that procedures in place were not sufficient to ensure adequate review and quality assurance checks of the fines and costs being entered into the Financial Management System.

Downsizing of our staff due to mandated layoffs as well as a courthouse culture that, at times, placed financial accuracy in the criminal division secondary to incarceration paperwork we believe worked to precipitate this problem. That being said, we understand full well that the job of Clerk is get things right regardless of the size of our staff or the workload placed upon us; hence we do not offer this information as an excuse, but rather an explanation of how this problem occurred in 2009 and not in prior years.

Upon completion of our internal review, we have implemented policy and procedure that we believe will remedy the errors. As a brief explanation, our frontline staff performing the data entry will perform a self-check. The supervisory staff will

conduct quality checks on a daily basis and, if an error is found by the immediate supervisor, the affected staff member will be assessed penalty points. If the senior supervisory staff find an error, the immediate supervisors will be assessed the penalty points. Once a specified number of points are reached, the affected individual will be awarded a monetary penalty and a written reprimand. This places the burden of responsibility on all levels of the chain of command and we are confident that with increased focus, the culture will change to ensure all areas of the case file are held to the same standard of accuracy.

The professionalism and dedication shown by your staff, Stephanie Serbia and Nicole Lee, has, like in all our annual audits, highlighted our strengths and exposed our weaknesses. We hope to use this information to build upon our strengths and to redress our weaknesses. I truly appreciate the time and effort your staff gave to ensure that we understand the issues as well as any corrective measures necessary.

Very truly yours,

A handwritten signature in cursive script that reads "George E. Schaefer, III". The signature is written in dark ink and is positioned above the printed name and title.

George E. Schaefer, III
Clerk