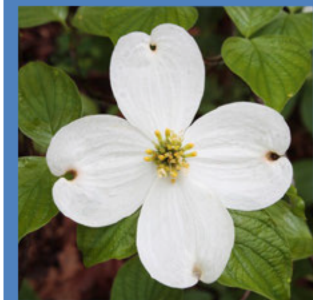


GEORGE SCHAEFER
CLERK OF THE CIRCUIT COURT
FOR THE
CITY OF NORFOLK

FOR THE PERIOD
APRIL 1, 2024 THROUGH MARCH 31, 2025

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.

Promptly Deposit Collections
Repeat: No

The Clerk did not promptly deposit cash collections for 14 of 38 (37%) days tested during the audit period. We noted the Clerk has been making deposits every other day rather than daily. Delaying bank deposits increases the risk of loss of funds and has the potential to delay the remittance of state and local funds. The Clerk should make bank deposits daily as required by the Financial Accounting System User's Guide.

Properly Record Financial Transactions
Repeat: No

The Clerk's staff do not properly record certain financial transactions. To waive associated convenience fees, the Clerk's staff enters certain credit card payments as cash instead of credit card in the court's financial accounting system. Not entering the correct tender type for receipts results in inaccurate financial records and makes daily and monthly reconciliation difficult. The Clerk's staff should record all financial transactions accurately, in accordance with the Financial Accounting System User's Guide.

Maintain Accounting Records
Repeat: Yes (first issued in 2024)

The Clerk could not produce supporting documentation, such as receipts or invoices, for 11 of 35 (31%) credit card transactions tested, resulting in our inability to determine the propriety of approximately $13,000 in expenses. The Financial Accounting System User's Guide requires the Clerk to keep accounting records and supporting documentation for a period of six months after audit. The Clerk should review the accounting record retention schedule with his staff and maintain all accounting records in accordance with the Financial Accounting System User's Guide.

Monitor and Disburse Liabilities
Repeat: No

The Clerk does not properly monitor and disburse court liabilities. At the end of the audit period, the Clerk was holding approximately $184,000 in liabilities that he should have either paid or escheated. The Clerk should review all liabilities he is currently holding and disburse, as applicable. In the event that the owners of the funds cannot be located, the Clerk should escheat the funds as required by § 55.1-2518 and § 55.1-2524 of the Code of Virginia. Going forward, the Clerk should routinely monitor and disburse, when appropriate, all court liabilities as recommended by the Financial Accounting System User's Guide.

Properly Manage Federal Grant Funds

Repeat: No

The Clerk is not properly managing federal grant funds. Although the Clerk has had these funds for approximately 12 years, he did not disclose them during prior audits and did not record the funds in the court's financial accounting system. The Clerk was unable to provide a grant agreement or any other guidelines specific to the grant, resulting in our inability to determine the propriety of direct payments from the grant funds to clerk's office employees totaling $28,622. The Clerk should record the grant funds in the court's financial accounting system and locate or obtain the grant agreement or other document containing guidelines for spending the funds before making further disbursements.

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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

June 18, 2026

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

Kenneth Alexander, Mayor
City of Norfolk

Review Period: April 1, 2024, through March 31, 2025
Court System: City of Norfolk

We have reviewed the financial operations for the office of the Clerk of the Circuit Court for the City of Norfolk, for the period noted above, pursuant to § 30-134 of the Code of Virginia. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial accounting system; evaluate the Clerk's internal controls; and test the Clerk's compliance with significant state laws, regulations, and policies related to financial operations.

The Clerk is responsible 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 information, effectiveness and efficiency of financial 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. It is our responsibility to perform procedures to the extent necessary to satisfy the objectives of this engagement.

We noted matters involving internal control and its operation necessary to bring to the Clerk'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 finding that we communicated in our previous report that is not repeated in this report.

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

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LJH: clj

cc: The Honorable Robert Rigney, Chief Judge
Patrick Roberts, City Manager
Robyn de Socio, Executive Secretary
Compensation Board
Paul DeLosh, Director of Judicial Services
Supreme Court of Virginia

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

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Crystal Daniels

Executive Assistant
Toni Duquette

Supervising Deputies

Criminal
Davina Lyles

Civil, Deeds & Probate
Janell McGowan

Licenses, Permits, Finance & Jury
Gerald L. Stokes

Comptroller
Nicholas D. Georges

IT Manager
Gregg J. Duquette

July 1, 2026

Staci A. Henshaw
Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

RE: Audit Response for the period APRIL1, 2024 TO MARCH 31, 2025

Dear Ms. Henshaw:

It was our pleasure to host Pamela Williams and Stephanie Serbia for the recent audit of the financial records of this office. We always welcome a fresh set of eyes to ensure compliance with best accounting practices, regulations, and code provisions.

Upon completion of the audit of this court's financial records covering the period of 1 April 2024 through 31 March 2025, there were five items which require response/action on our part:

#1 Promptly Deposit Collections

The auditor's report omitted the fact that daily cash deposits commenced on March 1, 2025, and have been sustained since that date. Prior to March 1, 2025, deviations to every-other-day deposits were solely attributable to adverse weather conditions or deposits totaling less than $1,000.00.

#2 Properly Record Financial Transactions

The practice cited by the auditor pertains specifically to receipts generated for online document reproduction requests, a system initiated during the COVID-19 pandemic. Due to the high volume of requests, a 'batch receipt' was created daily. Since the Clerk's minimum convenience fee was $2.00, calculating the correct total using a credit card tender on a single batch receipt was structurally impossible. Consequently, we utilized a cash tender to accurately post the aggregate sum. This procedure was **not a waiver of convenience fees**. We are now in compliance, having transitioned away from batch receipts to process individual receipts for all transactions.

#3 Maintain Accounting Records:

The issue is a **recurring item** from the previous audit, where document support loss was noted following a computer crash sustained by former Chief Deputy Thomas Larson. Its appearance here reflects the standard lag between reports. We also note that Mr. Larson's concurrent cancer treatments resulted in subsequent memory loss. Crucially, as of April 1, 2025, documentation for all credit card purchases and support is now fully compliant and properly substantiated.

#4 Monitor and Disburse Liabilities:

We have resolved the ambiguity surrounding the escheatment timeline and now consistently escheat liabilities one year after the final order. Previously, the start date (final order vs. fiscal year end) was unclear. The $184,000 in liabilities referenced in the report have been fully addressed and escheated to the Department of the Treasury's Division of Unclaimed Property with the submission of the FY2025 Report.

#5 Properly Manage Federal Grant Funds:

Background: The Federal Grant in question was never solicited by the Norfolk Circuit Court Clerk's Office. It was applied for and awarded to the Judges of this Court. This Office only became involved when the Hon. Junius P. Fulton (now of the Virginia Supreme Court) requested our assistance with the grant because of concerns with the original administrator, The Norfolk Community Services Board, that resulted in Criminal Prosecutions. We never had a copy of the grant but worked with the oversight agency in Washington to fulfill all obligations. The grant period ended, and we transferred any remaining monies and oversight to the original grantee, the Judges of this court.

Allegation A: "The Clerk is not properly managing federal grant funds."

Response: This assertion is factually incorrect. Throughout its tenure administering these funds, the Clerk's Office received no notifications or findings of improper management from the federal oversight entity. All internal management and accounting functions—including deposits, disbursements, and ledger reconciliations—were performed accurately and within required timeframes. Furthermore, the auditor's comprehensive examination spanning the entire 12-year period of grant bank statements confirmed zero financial variances, discrepancies, or instances of fraud, validating the fiscal integrity of the office's administration.

Allegation B: "Although the Clerk has had these funds for approximately 12 years, he did not disclose them during prior audits and did not record the funds in the court's financial accounting system."

Response: This characterization misrepresents both the ownership of the funds and the nature of their administration. The Clerk's Office did not own these funds for 12 years; rather, it acted strictly as the custodian for funds officially awarded to the Judiciary. It should also be noted that if our intent was not to disclose the funds we would not have proactively provided the grant bank account documentation to the auditor.

Regarding financial system integration, a critical mandate of this grant program requires highly detailed quarterly reporting for the Judges, specifically tracking individual enrollment fees paid by drug court participants to facilitate aggregate disbursements. Because the standard Financial Accounting System (FAS) environment lacks the specialized sub-ledger capabilities required to generate participant-by-participant tracking, the Clerk's Office utilized QuickBooks. This secondary ledger was necessary to successfully fulfill the complex reporting obligations mandated by the Judiciary.

Allegation C: "...resulting in our inability to determine the propriety of direct payments from the grant funds to clerk's office employees totaling $28,622".

Response: The disbursements in question, totaling $28,622, constituted fully authorized and allowable administrative expenses standard for federal grant structures of this nature. When amortized over the 12-year life of the grant, these expenses equate to approximately $1,192 per year, per administrator. This highly cost-effective administrative oversight directly contributed to the Clerk's Office successfully closing out the grant with a $17,000 surplus returned to the program

Lastly, we appreciate the professionalism and attention to detail shown by Ms. Williams and Ms. Serbia during the course of this audit. The desire of this office is to continuously improve and the willingness of your staff to share knowledge and recommendations is crucial to accomplish that goal. However, we do wish, in the future, the time frame between audit period and final report becomes compressed so areas of concern can be corrected more expeditiously without compounding.

Sincerely,

Signature on File

George E. Schaefer, III
Clerk