



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

May 26, 2021

The Honorable J.D. Peacock II
Clerk of Circuit Court
Okaloosa County
101 East James Lee Blvd.
Crestview, Florida 32536

Dear Mr. Peacock,

We completed our Article V Clerk of the Circuit Court Expenditure Compliance Audit in accordance with Florida Statutes. Enclosed is a copy of our final report.

We appreciate your advanced preparation for our audit and the courtesy extended to our team. We look forward to working with your office in the future.

Please contact Kim Holland at (850) 413-5700 or kim.holland@myfloridacfo.com if you have any questions.

Sincerely,


Mark Merry
MM/had

Enclosure



**JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

**OKALOOSA COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT**

**Report No. 2021-66
May 25, 2021**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Okaloosa County Clerk of the Circuit Court.¹ The auditors sampled court-related administrative and payroll expenditure accounts and transactions to determine whether, in making such expenditures, the Clerk's office complied with applicable State laws.² The sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs. However, as further described in the Observations and Recommendations section, we noted:

- In three (3) instances, the expenditures had been improperly allocated as court-related costs.

BACKGROUND

In 2013, the Florida Legislature passed legislation that removed the Clerks of the Circuit Courts from the State appropriations process.³ The 2013 legislation requires that all court-related functions must be funded from filing fees, service charges, costs, and fines retained by the Clerks. That portion of all fines, fees, service charges, and costs collected by the Clerks for the previous month that exceeds one-twelfth (1/12) of a Clerk's total budget must be remitted to the State. Those funds are deposited into the State of Florida's Clerk of the Court Trust Fund. For those Clerks who collect less than their approved budgets, the shortage is disbursed from the Clerks of the Court Trust Fund. In addition, the DFS' role was changed to providing audits of only the Clerks' court-related expenditures.

The organization that governs the Clerks, the Florida Clerks of Court Operations Corporation (CCOC), was initially formed to review and certify proposed budgets from each Clerk. In 2017, the Florida Legislature passed new legislation⁴ giving the CCOC the duty of approving the proposed budgets submitted by the Clerks of the Circuit Courts as required by State law.⁵ The 2017 legislation provides that the CCOC must ensure that the total combined budgets of the Clerks of the Circuit Courts do not exceed the total estimated revenues available for court-related expenditures as determined by the most recent Revenue Estimating Conference.

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 29.008, Florida Statutes.

³Chapter 2013-44, Laws of Florida.

⁴Chapter 2017-126, Laws of Florida.

⁵Section 28.36, Florida Statutes.

The Chief Financial Officer has contracted with the CCOC to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law.⁶ The audits are conducted by the DFS Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

SCOPE

The audit of the Okaloosa County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 18-19, CFY 19-20, and CFY 20-21 through December 2020. The audit consisted of a desk review that included an analysis of sample selection with supporting documentation.

OBJECTIVES & METHODOLOGIES

The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.⁷
- Evaluate whether court-related expenditures were properly authorized, recorded, and supported.
- Evaluate whether expenditures were within the budgeted appropriations.
- Evaluate the accuracy and completeness of expenditures reported on the Clerk of Court Expenditure and Collections Report.
- Evaluate whether the Clerk’s salary and total payroll costs were within the applicable caps established by the Florida Legislature’s Office of Economic and Demographic Research.
- Evaluate the Clerk’s methodology for allocating payroll costs between court and non-court related functions.

Our audit included an examination of accounts, records, and the sampling of various court-related transactions related to administrative and payroll expenditures.

Table 1 shows the court-related budgeted and actual expenditures for each fiscal year reviewed.

Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. CFY 18-19, CFY 19-20, and CFY 20-21 through December 2020 do not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY 18-19	\$3,402,079	\$3,401,809
CFY 19-20	\$3,227,922	\$3,227,922
CFY 20-21	\$3,358,182	\$1,066,497 ⁸

The Okaloosa County Clerk of the Circuit Court serves a population of 201,514.⁹

The budgeted growth from October 2018 through September 2021 was -1.29%.

⁶Section 28.35(2)(e), Florida Statutes.

⁷Sections 28.35(3)(a) and 29.008, Florida Statutes.

⁸Actual through December 2020.

⁹The Florida Legislature’s Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2019-2020, September 2020.

Table 2 reflects the budgeted and actual full-time equivalent (FTE) positions, who charge either all or a portion of employee time to court-related duties. The budgeted number of FTEs includes vacant positions. The actual number of FTEs includes only filled positions.

Table 2

Year	Budgeted FTEs	Actual FTEs
CFY 18-19	58.26	59.38
CFY 19-20	55.39	59.12
CFY 20-21	52.98	51.35

The budgeted FTEs decreased by -9.06% for the period October 2018 through September 2021.

OBSERVATIONS AND RECOMMENDATIONS

Section (s.) 28.35(3)(a), Florida Statutes (F.S.), outlines the list of court-related functions that Clerks may fund from filing fees, service charges, costs, and fines and is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; data collection and reporting; determinations of indigent status; and paying reasonable administrative support costs to enable the Clerk of the court to carry out these court-related functions.

The list of court-related functions that Clerks may not fund from filing fees, service charges, costs, and fines include:

- Those functions not specified above,
- Functions assigned by administrative orders which are not required for the Clerk to perform the functions above,
- Enhanced levels of service which are not required for the Clerk to perform the functions above, and
- Functions identified as local requirements in law or local optional programs.

Financial Reporting and Recording

Unallowable Expenditures

Section 28.35(3)(a), F.S., provides the listing of court-related functions that clerks may fund from filing fees, service charges, costs, and fines.

In CFY 18-19, incurred an expenditure of \$1,250 for Certified Public Manager (CPM) training for one employee. The total amount of the invoice allocated to the State was \$3,500. After reading the employee’s job description, it was determined that the training and certification were not directly related to the employee’s current job duties. Upon inquiry, the Clerk’s office explained that the training was to prepare the employee for a future management position.

We recommend that the Clerk’s office limit its court-related training expenditures to training directly related to the employees’ current job duties. Since obtaining CPM training and certification is not a requirement for the employee’s position, we further recommend that the Clerk’s office consider other sources of funding for the management development-type training. We also recommend that the Clerk’s office reimburse the Clerks of Courts Trust Fund in the amount of \$3,500.

County Funding

Section 29.008(1)(c), F.S., requires the counties to fund the cost of all maintenance activities for the offices of the clerks of the circuit court. Additionally, ss. 29.008(1)(f)1, and 2, F.S., requires counties to fund the cost of communications services which include wireless communications, cellular telephones, facsimile equipment, all computer networks, systems, and equipment, including computer hardware and software, modems, printers, wiring, network connections, and maintenance.

- In CFY 18-19, the Clerk's office purchased etching for the lobby and self-help center doors, allocating \$154 to the State.
- In CFY 19-20, the Clerk's office leased copiers, printers, and scanners for \$154. The total invoice was for \$3,020, of which \$1,719 was allocated to the State.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s. 29.008, F.S.

JD PEACOCK II

CLERK OF THE CIRCUIT COURT AND COMPTROLLER, OKALOOSA COUNTY, FLORIDA

June 2, 2021



Mark Merry
Assistant Director
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399

Dear Mr. Merry,

We appreciate the professionalism, insight, and thorough responses from your team throughout the Article V Clerk of the Circuit Court Expenditure Compliance Audit for Okaloosa County.

Upon reviewing the Final Report, we have prepared responses to the three observations and recommendations mentioned.

- Item 1- "We recommend that the Clerk's office limit its court-related training expenditures to training directly related to the employees current job duties. Since obtaining CPM training and certification is not a requirement for the employee's position, we further recommend that the Clerk's office consider other sources of funding for the management development-type training. We also recommend that the Clerk's office reimburse the Clerk of Courts Trust Fund in the amount of \$3,500."
- Response to Item 1- We are in agreement with the recommendation from DFS. We will work with CCOC staff to reimburse the Clerk of Courts Trust Fund in a timely manner. We will also ensure that future training expenditures not specifically required for an employee's current position will be covered using other funding sources and not allocated to the State.
- Item 2- "In CFY 18-19, the Clerk's office purchased etching for the lobby and self-help center doors, allocating \$154 to the State. We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s.29.008, F.S."
- Response to Item 2- We are in agreement with the recommendation from DFS. We will update our internal policies and procedures to ensure that these types of expenditures are not allocated to the State.
- Item 3- "In CFY 19-20, the Clerk's office leased copiers, printers, and scanners for \$154. The total invoice was for \$3,020, of which, \$1,719 was allocated to the State. We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s.29.008, F.S."
- Response to Item 3- We are in agreement with the recommendation from DFS. We have corrected this allocation in CFY2020-2021 and going forward so that similar expenditures are not allocated to the State.

Please contact Johnna Kauffman at (850-689-5000) or jkauffman@okaloosaclerk.com if you have any questions.

Sincerely,



Digitally signed
by JD Peacock II
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Okaloosa County Clerk of Courts and Comptroller