



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

June 23, 2023

The Honorable Jody Phillips
Clerk of Circuit Court
Duval County
501 West Adams Street
Jacksonville, Florida 32202

Dear Mr. Phillips,

We completed our Article V Clerk of the Circuit Court Follow-Up Review 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,



Kim Holland

KH/daw

Enclosure

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

Florida Department of Financial Services

**DUVAL COUNTY CLERK OF THE CIRCUIT COURT
AUDIT FOLLOW-UP**

Report No. 2023-110/June 23, 2023

BACKGROUND AND CONTEXT

The Department of Financial Services (DFS) has completed a follow-up review of the Duval County Clerk of the Circuit Court. The Department staff performed an audit of the Duval County Clerk of the Circuit Court in June 2019, Report Number 2019-39. The auditors noted eight (8) audit recommendations. A follow-up review was scheduled to review the implementation status of these audit recommendations.

OBJECTIVE AND SCOPE

The objective of the follow-up review was to determine the implementation status of prior audit observations and recommendations. The approach included interviews with staff members and an analysis of relevant files and supporting documentation.

The desk review covered County Fiscal Year (CFY) 2021-2022 and (CFY) 2022-2023 from October through February.

STATUS OF PRIOR AUDIT OBSERVATIONS & RECOMMENDATIONS

Based on our review, we concluded that six (6) recommendations were implemented, and two (2) recommendations were partially implemented.

The summary of the audit recommendation status is as follows:

#	SUMMARY OF RECOMMENDATION	STATUS
1.	We recommend the Clerk's office ensure that its court-related expenditures are allowable according to section (s.) 29.008, Florida Statutes (F.S.). We also recommend the Clerk's office reimburse the Clerks of the Courts Trust Fund for the expenditures above for \$114,933.	During our testing of the Clerk's office administrative expenditures, we noted one (1) instance in which an expenditure for the lease of printers had been allocated as a court cost or was not authorized as a reasonable administrative support cost. With respect to the reimbursement of \$114,933, the Clerk's office reimbursed the Clerks of Courts Trust Fund for \$79,864 for the unallowable expenditures incurred during CFY 2016-2017, CFY 2017-2018, and CFY 2018-2019. However, they disagreed to reimburse the amount of \$35,068. These recommendations were partially implemented.

2.	We recommend the Clerk's office ensure that its court-related expenditures are allowable according to sections 29.008 and 28.35(3)(a), F.S., and State expenditure guidelines. We also recommend the Clerk's office reimburse the Clerks of the Courts Trust Fund for the expenditures above for \$1,933.	The Clerk office reimbursed the Clerks of Courts Trust Fund for \$1,933 for unallowable expenditures incurred during CFY 2016-2017, CFY 2017-2018, and CFY 2018-2019. This recommendation has been implemented.
3.	We recommend that the Clerk's office ensure that its court-related expenditures are allowable according to s. 216.345, F.S. We also recommend the Clerk's office reimburse the Clerks of the Courts Trust Fund for the expenditures above for \$335.	Based on our review of the statute and the Clerk's office response, the auditors concur that this recommendation has been implemented.
4.	We recommend the Clerk's office record administrative and payroll expenditures in the general ledger using the expenditure account codes provided in the <u>Uniform Accounting System Manual</u> in a manner that properly allocates the expenditure to the cost center benefited. We also recommend the Clerk's office document in a written policy the procedures for classifying expenditures that should be paid from each of the above two (2) funds.	The Clerk's office updated their "Chart of Accounts" in FY 2021-2022, to align their accounts with the City of Jacksonville since the Clerk's Office is reported in the City of Jacksonville's Annual County Financial Report (ACFR). Jacksonville County is the Comptroller for the Clerk's Office and bares the responsibility to report financial information using the <u>Uniform Accounting System Manual (UASM)</u>. Therefore, the Clerk's Office is not responsible for reporting financial information and cannot be held responsible for the reporting requirements. This recommendation has been implemented. The Clerk's implemented a written policy titled: "General Fund Expenditure Classification", which classifies expenditures that should be paid from funds 11001 and 11002. This recommendation has been implemented.
5.	We recommend the Clerk's office ensure that expenditures for service awards are within the allowable limit according to s. 110.1245 (3), F.S. In addition, we recommend that they monitor sales tax charges to ensure the Clerk's Office is utilizing its tax exemption.	The Clerk's office furnished documentation demonstrating four (4) retirement plaques that were ordered, reviewed, verified, and were found to be in compliance with s. 110.1245 (3), F.S. In addition, the Clerk's office revised and implemented a Sales Tax Exemption policy. This recommendation has been implemented.
6.	We recommend the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related activities to ensure the allocation of payroll expenditures reflects an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary estimates are accurate. The Clerk's office might consider using a sampling method such as a time study, or guidance such as that found in Code of Federal Regulation (2 CFR 200), Appendix V.	The Clerk's office implemented a time and effort allocation based on non-court functions only. This allocation method leads the Clerk's office to allocate 100% of an employee's time and effort to state or county functions. The auditor was unable to determine whether the allocation methodology was utilized. This recommendation has been partially implemented.
7.	We recommend the Clerk's office maintain documentation supporting all interest credits and charges to ensure that all calculations are reasonable and accurate. We also recommend that the Clerk's office evaluate its cash management procedures in order to minimize interest charges from the City.	The Clerk's office increased their funds with the City of Jacksonville to ensure that interest charges would not occur. Also, they reviewed and performed an annual reconciliation with the City at the end of each fiscal year. Lastly, interest credits and charges are now billed annually due to the City of Jacksonville converting to a new accounting system. Therefore, this recommendation has been implemented.

8.	We recommend that the Clerk's office review the monthly Fleet Consolidated Billing Detail Reports and supporting documentation from the City to ensure that incorrect charges are timely detected and not being billed inappropriately to the State.	The Clerk's office reviewed all the Fleet Reports and supporting documentation from the City of Jacksonville during the CFY 2021-2022 and was able to ensure that any incorrect charge(s) were timely detected, reported, and/or post entry correction (if needed). This recommendation has been implemented.
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