



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

July 23, 2024

The Honorable JD Peacock II
Clerk of the Court and Comptroller
Okaloosa County
101 East James Lee Boulevard
Crestview, Florida 32536

Dear Clerk Peacock,

We completed our Article V Clerk of the Circuit Court 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,

A black rectangular redaction box covering the signature of Renée Hermeling.

Renée Hermeling

RH/avg

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. 2024-129
July 23, 2024**

WHY WE DID THIS AUDIT

The Florida State Constitution requires that selected salaries, costs, and expenses of the state courts system and court-related functions shall be funded from a portion of the revenues derived from statutory fines, fees, service charges, and court costs collected by the clerks of the court and from adequate and appropriate supplemental funding from state revenues as appropriated by the Legislature.¹

In order to ensure compliance, the Chief Financial Officer (CFO) has contracted with the Florida Clerk of Court Operations Corporation (CCOC) to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law.² The audits are conducted by the Department of Financial Services (DFS), Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

WHAT WE FOUND

We concluded that, overall, the sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs and that transactions were accurate, properly approved and recorded, and served a public purpose. Exceptions are noted in the Observations and Recommendations section below.

WHAT WE DID

Our audit included an examination of accounts and records and the sampling of various court-related transactions related to administrative and payroll expenditures for County Fiscal Years (CFY) 21-22, CFY 22-23, and CFY 23-24 (through March 2024). The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.³
- 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.
- Evaluate whether ten percent (10%) of all court-related fines collected are deposited into the fines and forfeiture fund and used exclusively for court-related functions.⁴

¹Section 14(b), Art. V, Florida Constitution.

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

³Sections 28.35(3)(a), 28.37(5), and 29.008, Florida Statutes.

OKALOOSA COUNTY AT A GLANCE

The Okaloosa County Clerk of the Circuit Court and Comptroller serves a population of 215,751⁵.

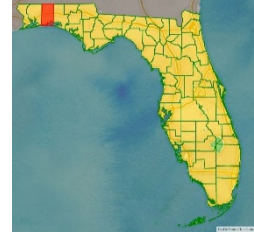


Table 1 shows the budgeted and actual expenditures for each fiscal year reviewed. Juror expenditures are not included.

Table 1

Year	Budgeted	Actual
CFY 21-22	\$3,639,385	\$3,639,385
CFY 22-23	\$3,716,895	\$3,716,895

Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. Juror expenditures are not included.

The budgeted growth from October 2021 through September 2023 was 2.1%. The actual expenditures increased by 2.1% over the same period.

Table 2 shows 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 21-22	52.51	65.22
CFY 22-23	52.22	66.63

The budgeted FTEs remained almost the same for the period October 2021 through September 2023. The actual number of FTEs increased by 2.1% over the same period.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Okaloosa County Clerk of the Circuit Court in April 2021, Report No. 2021-66. The auditors noted two (2) recommendations.

1. We recommended the Clerk’s office ensure that its court-related expenditures were allowable and reasonable according to section (s.) 29.008(1)(c), Florida Statute (F.S.), related to county funding of communication services. Based on our recent testing of administrative expenditures, we have concluded that this recommendation has been implemented.

2. We recommended the Clerk’s office ensure that its court-related expenditures are allowable according to s. 28.35(3)(a), F.S. Based on our recent testing of administrative expenditures, we have concluded that this recommendation has been implemented.

⁴ Section 28.37(6), Florida Statutes.

⁵ The Florida Legislature’s Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2023-2024, September 2023. <http://edr.state.fl.us/Content/local-government/reports/finsal23.pdf>

OBSERVATIONS AND RECOMMENDATIONS

Overall, the Clerk's court-related expenditures were in compliance with sections 28.35(3)(a) and 29.008, F.S., and internal controls and procedures were in place for proper reporting, except for the following items:

County Funding

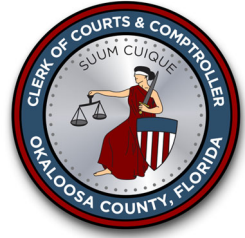
The Clerk's office policy, Issue of Cellular Telephones, states that employees working as Directors, IT staff and in the Inspector General's office are eligible for an agency issued cellular phone paid by the Clerk's office, or the employee may use their personal phone and receive a \$45 per month stipend. Funding permitted; the Clerk may offer an additional stipend amount not to exceed \$200 once every two years for cell phone upgrades.

During our testing of the Clerk's payroll expenditures and analysis of the cell phone data, we noted that there were employees that received the cell phone stipend who were not eligible, according to the Clerk's office policy.

We recommend the Clerk's office conduct an annual review of employees receiving the stipend to determine if their job descriptions are consistent with policy guidelines and make the necessary revisions. Employees using their personal cell phones for work should also be made aware that their phones may be susceptible to inquiry in the case of a public records request.

JD PEACOCK II

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



August 1st, 2024

Renee Hermeling
Director
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399

Dear Ms. Hermeling,

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

Upon reviewing the Final Report, we have prepared the following response to the recommendation mentioned.

- County Funding- "We recommend the Clerk's office conduct an annual review of employees receiving the stipend to determine if their job descriptions are consistent with policy guidelines and make the necessary revisions."
- Response- We concur with this recommendation and will undertake a comprehensive review of the existing policy. This review will ensure alignment between employee job descriptions and the stipends provided. Necessary revisions will be implemented to maintain consistency with policy guidelines.

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

Sincerely,

Okaloosa County Clerk of Courts and Comptroller