



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

August 16, 2024

The Honorable Grant Maloy
Clerk of the Circuit Court & Comptroller
Seminole County
Post Office Box 8099
Sanford, Florida 32772-8099

Dear Clerk Maloy,

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

SEMINOLE COUNTY CLERK OF THE CIRCUIT COURT COMPLIANCE AUDIT

**Report No. 2024-130
August 15, 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, CFY 23-24 (through April 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.

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

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

³Sections 28.35(3)(a), 28.37(6), and 29.008, Florida Statutes.

- 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

SEMINOLE COUNTY AT A GLANCE

The Seminole County Clerk of the Circuit Court and Comptroller serves a population of 484,054⁵.



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	\$8,861,209	\$8,800,725
CFY 22-23	\$9,024,814	\$8,823,385
CFY 23-24	\$9,412,788	\$4,878,642

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

The budgeted growth from October 2021 through September 2024 was 6.2%. The actual expenditures increased by .2% from October 2021 through September 2023. Actual expenditures for CFY 23-24 are through April 2024.

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	132.64	144.66
CFY 22-23	133.86	147.71
CFY 23-24	121.93	124.61

The budgeted FTEs decreased 8% for the period October 2021 through April 2024. The actual number of FTEs decreased by 13.8% over the same period. Actual FTEs for CFY 23-24 are through April 2024.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Seminole County Clerk of the Circuit Court in October 2020, Report No. 2020-57. The auditors noted two (2) recommendations.

1. We recommended the Clerk's office use the account codes required by the Department of Financial Services' Uniform Accounting System Manual per Section 218.33, F. S. Based on our recent testing of payroll and administrative expenditures, we have concluded that this recommendation has been partially 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>

2. We recommended the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related functions to ensure the allocation of expenditures reflects an accurate appropriation of State funds. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has been partially implemented.

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

Signage

Section 29.008(1)(a), F. S. states counties are required to fund the cost of facilities, which include office space and appurtenant equipment and furnishings and structures for the offices of the Clerk of the Circuit Court.

Section 28.37(6), F. S., states that 10% of all court-related fines collected by the Clerk, except for penalties or fines distributed to counties or municipalities under s. 316.0083(1)(b)3. Or s. 318.18(15)(a), must be deposited into the fine and forfeiture fund to be used exclusively for clerk court-related functions, as provided in s. 28.35(3)(a), F. S.

During our testing of the Clerk's office administrative expenditures, we noted one (1) instance in which the expenditure, contrary to statutory guidance, had been allocated as a court cost. This expenditure was also not paid from the 10% funds.

- In CFY 21-22, the Clerk's office purchased directional signage for Juvenile and Probate for \$1,291, allocated entirely to the State.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 29.008(1)(a), F. S. We also recommend the Clerk's office reimburse the State for \$1,291.

Financial Reporting

Section 218.33, F.S., states that each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rules shall include a uniform classification of accounts. The DFS' Uniform Accounting System Manual (UASM) outlines the uniform classification of accounts for units of local governments, and specifically, outlines the requirements for court-related account codes. These account codes are also used to prepare the annual Clerk of Court budget submitted to the CCOC.

During our testing of the Clerk's payroll and administrative expenditures, we noted that the Clerk's office recorded expenditures using "Business Units" that vary from the expenditure account codes provided in the UASM. The Clerk's office does report court expenditures using the UASM codes via Excel. They are in the process of working with Information Services and the court's director to ensure court expenditures are recorded in the general ledger in accordance with the UASM function codes directly, using their accounting system.

We recommend the Clerk's office continue its plan to automate their accounting system to accommodate the use of the UASM codes.

Internal Controls

Counter Incentive Policy

Best practices indicate that pay incentives should be outlined in an employee handbook or other human resources policy guide. Having the policies documented are vital to maintaining consistency within the Clerk's office, training new employees, and controlling risk. This information also allows the employees access to information they can use to possibly enhance their careers.

During our payroll testing, we noted one (1) employee in CFY 21-22 who received counter incentive pay. The Clerk's office stated that this pay, at the time, was for employees that worked the front counters providing customer service. Since that time, the counter incentive pay option was changed to include only bilingual employees. The Clerk's office was unable to provide a written policy or other documentation outlining the specifications or requirements needed for an employee to obtain the counter incentive pay.

Subsequent to our inquiry, the Clerk's office developed an Hourly Incentive Payments policy, effective August 15, 2024, that addresses the counter incentive payments.

Bank Signatories

Best practices indicate that the signature card related to the operating bank account should include more than one authorized signer. When there is more than one authorized signer, this allows another individual to sign checks in the event the other individual is not available.

During our audit, the Clerk's office provided information that the Authorized Representative has the ability to inquire and or address issues related to the Clerk of Court's accounts; however, only the Clerk has signature authority on all the Clerk's bank accounts.

To provide backup in the Clerk's absence, we recommend that another person be granted authority to sign checks in the Clerk's absence, and thus have his or her name on the signature card at the bank.

Allocation Methodology

The Clerk's office does not have a clear methodology for allocating payroll expenditures for employees who work on both court and non-court-related functions. Their current allocation methodology considers the total FTE count by functions and allocates indirect costs in that manner. Annually, as the organizational budget is adopted, the FTE allocation is updated for indirect costs and how they will be allocated. During 2020, the Clerk's office conducted a time and effort study for three (3) staff who perform marriage ceremonies and other duties that are not directly related to Court Operations. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort the other shared employees spent working on court-related vs. non-court-related functions.

During our payroll testing, we noted that for one (1) employee in CFY 21-22, whose allocation percentage to court provided in the Clerk's documentation was 30.42%, was actually charged 100% to the court resulting in an overcharge to the State of \$1,044.

Without an accurate basis for allocating personnel costs, the Clerk's office has no assurance that the current methodology used for charging salaries to the State or used for budgeting purposes are accurate or need to be revised for the next budget cycle.

As a best practice, we recommend the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related functions to ensure the allocation of payroll expenditures reflect an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. We also recommend the Clerk's office ensure that their payroll is allocated accurately according to the employees' established percentages.



GRANT MALOY

Clerk of the Circuit Court and Comptroller
Seminole County

August 22, 2024

The Honorable Jimmy Patronis, Chief Financial Officer
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0301

Dear Mr. Patronis:

This letter is in response to your Compliance Audit Report No. 2024-130 dated August 15, 2024. Our response to the Observations and Recommendations is outlined below:

- **DFS Recommendation County Funding-Signage:** We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 29.008(1)(a), F. S. We also recommend the Clerk's office reimburse the State for \$1,291.

Response: Acknowledged. We will reimburse the Trust Fund the \$1,291 by September 30, 2024.

- **DFS Recommendation Financial Reporting:** We recommend the Clerk's Office continue its plan to automate their accounting system to accommodate the use of the UASM codes.

Response: Acknowledged. We will continue our process to finalize the UASM function codes for court expenditures, as prescribed by the Department of Financial Services.

- **DFS Recommendation Bank Signatories:** To provide backup in the Clerk's absence, we recommend that another person be granted authority to sign checks in the Clerk's absence, and thus have his or her name on the signature card at the bank.

Response: Acknowledged. An amendment to the signature card has been submitted to the bank to add an additional signatory.

- **DFS Recommendation Allocation Methodology:** We recommend the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related functions to ensure the allocation of payroll expenditures reflect an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. We also recommend the Clerk's office ensure that their payroll is allocated accurately according to the employees' established percentages.

Response: Acknowledged. We will conduct time and effort studies for all departments that perform court and non-court related functions to ensure payroll expenditures are accurately allocated.

We would like to thank your staff for the professionalism and courtesy extended to my staff during the recent audit. Should there be any questions, please feel free to contact me at 407-665-4313.

[Redacted Signature]

Grant Maloy, Clerk of the Circuit Court & Comptroller

8-23-2024

Date