



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

December 13, 2024

The Honorable Billy Washington
Clerk of Circuit Court & Comptroller
Madison County
Post Office Box 237
Madison, Florida 32341-0237

Dear Clerk Washington,

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,

Renée Hermeling

RH/avg

Enclosure



JIMMY PATRONIS CHIEF FINANCIAL OFFICER STATE OF FLORIDA

Florida Department of Financial Services

MADISON COUNTY CLERK OF THE CIRCUIT COURT COMPLIANCE AUDIT

**Report No. 2024-135
December 9, 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 State funded portion of court-related² expenditures of the individual Clerks pursuant to State law.³ 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, funds were expended for allowable court-related costs, transactions were accurate, they 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 August 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.⁴
- 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.

²Court-related expenditures may be funded from county, State, or Federal sources.

³Section 28.35(2)(e), Florida Statutes.

⁴Sections 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.⁵

MADISON COUNTY AT A GLANCE

The Madison County Clerk of the Circuit Court and Comptroller serves a population of 18,698.⁶



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	\$556,502	\$516,628
CFY 22-23	\$568,909	\$551,713
CFY 23-24	\$607,306	\$482,568

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 9.1%. The actual expenditures increased by 6.7% from October 2021 through September 2023. Actual expenditures for CFY 23-24 are through July 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	9.40	8.65
CFY 22-23	9.33	9.30
CFY 23-24	10.00	8.95

The budgeted FTEs increased by 6.3% for the period October 2021 through September 2024. The actual number of FTEs increased by 3.4% from CFY 2021-22 to CFY 2023-24. Actual FTEs are as of October 1 of each fiscal year.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Madison County Clerk of the Circuit Court in March 2016, Report No. 2016-04. The auditors noted the following recommendation:

1. 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. We conducted a follow-up audit in September 2021, Report No. 2021-72. It was determined, based on the follow-up audit testing, that action

⁵ Section 28.37(6), Florida Statutes.

⁶ The Florida Legislature's Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2024-2025, October 2024. <http://edr.state.fl.us/Content/local-government/reports/finsal24.pdf>.

related to this recommendation was in progress. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has not been implemented. See the Observations and Recommendations section below.

OBSERVATIONS AND RECOMMENDATIONS

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

Internal Controls

Purchasing Policy

Key internal controls at any organization should include a purchasing policy. An effective purchasing policy should include, at a minimum, topics such as the following:

- Contract signing authority.
- Purchasing authority levels.
- The delegation of authority.
- Purchasing process and accepted procedures.
- Invoices and accepted procedures.
- Purchase orders and pre-authorizations.
- Credit Card for Purchasing Process and Procedures.

The Clerk's office has no written purchasing policy for the expenditure of funds. During our testing, we noted the following:

- For three (3) sampled invoices, for which \$4,400 was allocated to the State, there was no evidence of approval prior to the purchase.

While we recognize the small office environment, we recommend the Clerk's office establish a written purchasing policy to provide employees with best practices, purchasing guidelines, and include adequate internal controls to ensure that Court funds are expended appropriately. We also recommend the Clerk's office make sure goods and services are properly approved and documented.

Travel Documentation

Effective internal controls should include a travel policy that is in compliance with section (s.) 112.061, F.S. Section 112.061(11)(a), F.S., states that a travel authorization form must be completed prior to traveling to a conference or convention. Section 69I-42.003, Florida Administrative Code, describes the data elements required on all travel forms that includes signatures of both the traveler and the approver. Although the Clerk's office staff stated that their travel is in accordance with the "State of Florida Voucher for Reimbursement", they do not have a written travel policy. During our testing of administrative expenditures, we noted the following:

- For three (3) sample items, the Clerk's office was unable to provide documentation indicating approval prior to attending conferences.
- For two (2) samples items, the travel voucher was not signed by the traveler or was not properly approved prior to reimbursement.

We recommend the Clerk's office develop and implement a travel policy that incorporates State law and rules related to travel. The Clerk's office should also review all travel reimbursement forms carefully prior to payment to ensure all travel is in accordance with State law, and that travel forms are completed fully and accurately.

Payroll Processing

A key internal control necessary at any organization is to have written payroll processing procedures including the steps required for proper authorizations and approvals. The Clerk's office stated that the Clerk reviews each month's payroll packet. Once the review is completed, the Clerk returns the package to Finance and payroll is generated. However, there was no signature nor computer stamp with a date to indicate approval. During our audit of payroll transactions, we found that there was no evidence of review or approval of the monthly payroll for 11 sample items tested. Additionally, there was no evidence of supervisory approval of timesheets for five (5) sample items tested.

We recommend that the Clerk's office establish written payroll processing procedures that include steps for maintaining documentation of the review and approval of the payroll register packet and timesheets. This will help prevent any unusual or inaccurate payments before checks are distributed.

Bank Reconciliations

Best practices indicate that bank reconciliations be reconciled, reviewed, and approved within 30 days of the date of the bank statement. During our testing of bank reconciliations, we found that reconciliations were performed timely, but we could not identify who performed the reconciliation. We also could not identify who reviewed the reconciliation and when the review was performed.

To demonstrate and ensure proper segregation of duties, we recommend that bank reconciliations indicate who prepared the reconciliation, who reviewed the reconciliation, and when the reconciliation was reviewed.

Unallowable Expenditures

County Funding

Section 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.

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, F.S. Or s. 318.18(15)(a), F.S., 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 four (4) instances in which the expenditures, contrary to statutory guidance, had been allocated as court costs, or was not authorized of record as a reasonable administrative support cost. The Clerk's office was unable to provide documentation showing a methodology to track the expenditures against the revenues, or evidence that the expenditures were paid from the 10% funds for the following:

- In CFY 21-22, the Clerk's office purchased PassPort Advantage, a one-year software package from IBM, allocating \$263 to the State.
- In CFY 22-23, the Clerk's office made a three-month lease payment for three (3) copiers from R. J. Young Company for \$677, allocating \$385 to the State.
- In CFY 22-23, the Clerk's office made a three-month lease payment for a copier from Quadient, allocating \$327 to the State.
- In CFY 23-24, the Clerk's office purchased Watchguard, a three-year firewall support package from GovConnections, allocating \$1,231 to the State.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s. 29.008(1)(f)1, F. S. We also recommend that the Clerk's office reimburse the State for the expenditures above totaling \$2,206 which were paid from the Clerks of the Court Trust Fund.

Allocation Methodology

As reported in our previous audit, 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. Employees' time and effort is allocated based on employee job descriptions, which may not be an accurate reflection of time worked.

Without an accurate basis for allocating costs, the Clerk's office has limited assurance that the estimates used for budgeting purposes are accurate or need to be revised for the next budget cycle.

We recognize the time constraints of a small office; however, 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. This will allow the allocation of payroll expenditures to reflect the appropriation of State funds more accurately. The methodology should also include a basis for concluding whether the budgetary calculations are accurate.



William D. "Billy" Washington

*Clerk of the Circuit Court & Comptroller
Madison County, Florida*

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January 7, 2025

Department of Financial Services
Division of Accounting and Auditing
200 E. Gaines Street
Tallahassee, FL 32399-0353

RE: Article V Clerk of the Circuit Court Compliance Audit

Dear Ms. Hermeling:


Clerks of Court pride themselves on being protectors of the public trust. The amount of trust placed in our offices by the citizens of the State of Florida, for both maintaining accurate records and protecting public funds, is extremely high. During my time as a member of the US Army, Reagan's mantra of "trust but verify" was instilled throughout the ranks. Consequently, I view audits as the vehicle whereby agencies and departments verify to the public the trust placed in the entity being audited. I would like to express my appreciation for your department and its professionalism throughout the audit process; and applaud the work you do on behalf of the citizens of the State of Florida.

I have reviewed the Article V Clerk of the Circuit Compliance Audit dated December 9, 2024. Being a small office, I have not felt the need for some of the written policy recommendations set forth in the audit. However, from the perspective of an outside entity or citizen, I do understand the value in terms of trust, that written policies provide. As a result, I will be drafting the recommended policies to reflect the processes that we have in place. With respect to the allocation methodology relating to employee time, I will be implementing a time diary program to ensure my office is allocating court funding appropriately.

While I do not believe at all that any funds were misallocated, I do concede that my office was not able to provide evidence of the funding source for the expenditures noted in the audit observations. In the future, my office will be employing better methods to track and document expenditures against revenues.

Thank you for this opportunity to respond. I appreciate feedback and ideas that help make my office operate as best it can for the people of Madison County and the State of Florida. If I can be of further assistance, please contact me at 850-973-1500.

Sincerely,


William D. Washington
Madison County Clerk of Circuit
Court & Comptroller