



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

December 8, 2023

The Honorable Bill Kinsaul
Clerk of the Court & Comptroller
Bay County
300 East 4th Street
Panama City, Florida 32401

Dear Clerk Kinsaul,

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,


Kim Holland

KH/daw

Enclosure



JIMMY PATRONIS CHIEF FINANCIAL OFFICER STATE OF FLORIDA

Florida Department of Financial Services

BAY COUNTY CLERK OF THE CIRCUIT COURT COMPLIANCE AUDIT

**Report No. 2023-122
February 14, 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.

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 the periods county fiscal year (CFY) 20-21, CFY 21-22, and CFY 22-23 (through August 2023). The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws³.
- 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(5), and 29.008, Florida Statutes.

- Evaluate whether ten percent of all court-related fines collected are deposited into the fines and forfeiture fund and used exclusively for court-related functions⁴.

BAY COUNTY AT A GLANCE

The Bay County Clerk of the Circuit Court and Comptroller serves a population of 184,002⁵.

The CCOC is required to prepare a cost comparison of similarly situated clerks of the court based on county population and numbers of case filings⁶. These clerks' offices are then placed into one (1) of eight (8) peer groups based on their populations and case filings. Bay County falls into Peer Group 6. **Table 1** shows a **2022-23 Budget Comparison to Peer Group Average**.



Table 1

Budget Comparison to the Peer Group (PG) Average						
County	Peer Group	CFY 2022-23 Operating & Capital Budget	CFY 2022-23 Personnel Budget	CFY 2022-23 Revenue-Limited Budget	CFY 2022-23 Percent Above/Below PG Avg. for Revenues	CFY 2022-23 Budgeted FTEs
Bay	6	229,716	\$ 3,712,042	\$ 3,941,758	-47.73%	59.39
Brevard	6	505,600	\$ 11,012,392	\$ 11,517,992	52.74%	194.22
Collier	6	598,100	\$ 5,951,507	\$ 6,549,607	-13.14%	91.78
Escambia	6	168,850	\$ 6,939,556	\$ 7,108,406	-5.73%	109.65
Lake	6	295,519	\$ 6,016,947	\$ 6,312,466	-16.29%	100.83
Leon	6	220,273	\$ 5,802,796	\$ 6,023,069	-20.13%	90.23
Manatee	6	189,543	\$ 5,860,798	\$ 6,050,341	-19.77%	92.79
Marion	6	114,380	\$ 6,570,290	\$ 6,684,670	-11.35%	114.41
Osceola	6	669,622	\$ 7,229,169	\$ 7,898,791	4.75%	114.49
Pasco	6	817,758	\$ 11,020,087	\$ 11,837,845	56.98%	202.58
Saint Lucie	6	463,709	\$ 6,341,237	\$ 6,804,946	-9.76%	98.39
Sarasota	6	715,730	\$ 7,559,871	\$ 8,275,601	9.74%	110.80
Seminole	6	322,046	\$ 8,702,768	\$ 9,024,814	19.68%	133.86
Peer Group 6 Average		\$ 408,527	\$ 8,170,626	\$ 7,540,793		116.42

Source: CCOC Operational Budgets and Peer Group Report. Juror expenditures are not included.

Table 2 shows the budgeted and actual expenditures for each fiscal year reviewed. Juror expenditures are not included.

Table 2

Year	Budgeted	Actual*
CFY 20-21	\$3,437,112	\$3,437,112
CFY 21-22	\$3,866,025	\$3,866,025
CFY 22-23	\$3,941,758	\$2,985,147

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

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>

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

The budgeted growth from October 2020 through September 2023 was 14.6%. *Actuals for CFY 22-23 are through July.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Bay County Clerk of the Circuit Court in December 2020, Report No. 2020-60. The auditors noted five (5) audit recommendations.

1. We recommended the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S. 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 and reasonable according to Section 29.008(1)(c), F.S. related to county funding of custodial and grounds keeping services. Based on our recent testing of administrative expenditures, we have concluded that this recommendation has been implemented.
3. We recommended the Clerk's office ensure that its court-related expenditures are allowable and reasonable according to Section 29.008(1)(a), F.S. related to county funding of office space and appurtenant equipment and furnishings. Based on our recent testing of administrative expenditures, we have concluded that this recommendation has been implemented.
4. We recommended the Clerk's office maintain all time sheets and documentation of approvals that support the total number of hours worked each day. We also recommended controls are in place to ensure that under and overpayments are corrected/collected quickly and accurately. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has not been implemented. Please see the Observations and Recommendations section below.
5. We recommended 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 and administrative expenditures reflects an accurate appropriation of State funds. Based on our recent review of the Clerk's allocation methodology, this recommendation has been implemented.

OBSERVATIONS AND RECOMMENDATIONS

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

Internal Controls

Payroll Authorizations and Time Sheets

Effective internal controls require that all employees' time, salary, attendance and leave payout be properly documented, calculated, reviewed, and approved to ensure that employees are not compensated for time not worked, unauthorized absences or overpayment of leave payout. Absent sufficient review and authorizations, there is reduced assurance that employees are properly compensated for hours worked and leave incurred.

During our testing of sixteen (16) payroll expenditures, we noted the following:

- The Clerk's office did not provide supporting documentation authorizing the salaries for 13 employees.
- For seven (7) employees, the timesheet approvals were not dated.
- For four (4) employees, the timesheet hours reported did not match the Check History Report (what the employee was paid).

We recommend the Clerk's office thoroughly review the accuracy of the timesheets prior to authorization for payment and dating the review to demonstrate timeliness of the review. We also recommend maintaining a personnel action form authorizing pay changes for employees.

Purchasing Policy

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

- Procurement policies and procedures
- Contract signing authority.
- Purchasing authority levels.
- The delegation of authority.

The Clerk's office has a purchasing policy for the expenditure of court funds; however, it does not include specific guidelines related to procurement and purchasing thresholds. Additionally, there is no signed agreement between employees and the Clerk stating guidelines for the use of credit cards for purchase. During our testing of 26 administrative expenditures, we noted the following:

- For four (4) sample items totaling \$14,154, the Clerk's office was unable to provide documentation indicating verification and approval that the goods received matched the goods ordered.
- For eight (8) sample items totaling \$86,897, the Clerk's office was unable to provide documentation indicating the good or service was properly authorized by the Clerk or designee via a purchase order, contract, or other authorizing documentation.
- Although the purchasing narrative provided by the Clerk's office indicated that the purchaser's signature was required on the CCFP monthly statements, we noted two (2) missing signatures from the statements for January 2022 and June 2023.

We recommend the Clerk's office enhance its purchasing policy to provide employees with best practices, detailed procurement and purchasing guidelines, and include adequate internal controls to ensure that Court funds are expended appropriately.

Financial Reporting and Recording

Travel

The Bay County Clerk's office Travel Policy and Procedures Manual states that travel must be in accordance with section 112.061, F.S. The policy further states that travelers must use per diem rates as outlined by the U.S General Services Administration Code.

In CFYs 21-23, we noted three (3) instances in which the per diem rates for lodging were exceeded and no justification for the overages was provided.

- In CFY 21-22, there were two (2) instances where the Clerk's office paid \$175 per night when the per diem rate was \$129.
- In CFY 22-23, there was one (1) instance where the Clerk's office paid \$323 per night, with \$309 being allocated to the court, when the per diem rate was \$139.

We recommend the Clerk's office ensure that staff follow the Clerk's travel policy, and any overages are justified and approved prior to the travel.