



CHIEF FINANCIAL OFFICER  
JIMMY PATRONIS  
STATE OF FLORIDA

April 24, 2024

The Honorable Pam Childers  
Clerk of the Court and Comptroller  
Escambia County  
190 West Government Street  
Pensacola, Florida 32502

Dear Clerk Childers,

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](mailto:kim.holland@myfloridacfo.com) if you have any questions.

Sincerely,

  
Renée Hermeling

RH/daw

Enclosure



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

Florida Department of Financial Services

**ESCAMBIA COUNTY  
CLERK OF THE CIRCUIT COURT  
COMPLIANCE AUDIT**

**Report No. 2024-124  
April 22, 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.<sup>1</sup>

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.<sup>2</sup> 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, records, and the sampling of various court-related transactions related to administrative and payroll expenditures for county fiscal years (CFY) 21-22 and 22-23. The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.<sup>3</sup>
- 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.<sup>4</sup>

<sup>1</sup>Section 14(b), Art. V, Florida Constitution.

<sup>2</sup>Section 28.35(2)(e), Florida Statutes.

<sup>3</sup>Sections 28.35(3)(a), 28.37(5), and 29.008, Florida Statutes.

<sup>4</sup>Section 28.37(6), Florida Statutes.

## ESCAMBIA COUNTY AT A GLANCE

The Escambia County Clerk of the Circuit Court and Comptroller serves a population of 329,583<sup>5</sup>.



**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	\$6,977,883	\$6,959,372
CFY 22-23	\$7,108,406	\$6,020,528

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 1.8%. The actual expenditures decreased by 13.4% 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 FTE includes vacant positions. The actual number of FTE includes only filled positions.

**Table 2**

Year	Budgeted FTEs	Actual FTEs
CFY 21-22	116.85	92.19
CFY 22-23	109.65	84.64

The budgeted FTE decreased by 6.1% for the period October 2021 through September 2023. The actual number of FTE decreased by 8.1% over the same period.

## STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Escambia County Clerk of the Circuit Court in March 2021, Report No. 2021-62. The auditors noted two (2) audit recommendations.

1. We recommended the Clerk’s office ensure that its court-related expenditures were allowable and reasonable according to section (s.) 29.008, Florida Statutes (F.S.), related to county funding of court expenditures. Based on our recent testing of administrative expenditures, we have concluded that this recommendation has not been implemented. See the Observations and Recommendations section below.
2. 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 not been implemented.

<sup>5</sup>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:

### Internal Controls

#### Bank Reconciliation Preparation and Review

Bank reconciliations should include documentation of the individual who prepared them, and the date performed. The review of bank reconciliations should also include documentation of who performed the review and the date the review occurred.

During our testing of the bank reconciliations, we noted that there was no documentation of who prepared the reconciliation or when the bank reconciliation was prepared. There was also no documentation of who reviewed the reconciliations, or the dates reviewed.

To demonstrate proper segregation of duties, we recommend that bank reconciliations include documentation of the individual who prepared and reviewed them, as well as documentation indicating the date that the bank reconciliation was prepared and reviewed.

### 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. 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 eight (8) instances in which the expenditure, contrary to statutory guidance, had been allocated as a court cost. The Clerk's office stated that these expenditures were paid from the 10% fund; however, they were unable to provide documentation showing a methodology to track the expenditures against the revenues or evidence that the expenditures were paid specifically from 10% funds.

- In CFY 21-22, the Clerk's office purchased a one-year site subscription from Visualcron in the amount of \$2,019, of which \$1,413 was charged to the State.
- In CFY 21-22, the Clerk's office purchased an annual subscription of Manage Engine Software from Zoho in the amount of \$4,545, all of which was charged to the State.
- In CFY 21-22, the Clerk's office leased a Sharp copier from Copy Products in the amount of \$224, all of which was charged to the State.

- In CFY 22-23, the Clerk's office purchased one-year Microsoft Office 365 subscriptions from the Escambia County Information Technology Department in the amount of \$64,349, of which \$20,148 was charged to the State.
- In CFY 22-23, the Clerk's office purchased a two-year subscription of Family Medical Leave Act software from J.J. Kellar and Associates in the amount of \$1,892, of which \$1,324 was charged to the State.
- In CFY 22-23, the Clerk's office purchased Dell computers with accessories in the amount of \$91,881, all of which was charged to the State.
- In CFY 22-23, the Clerk's office purchased 250 Dell Latitudes, 250 docking stations, and 100 monitors, in the amount of \$408,544, of which \$136,906 was charged to the State.
- In CFY 22-23, the Clerk's office leased a Sharp copier from Copy Products in the amount of \$262, all of which was charged to the State.

In order to verify that these expenditures were paid from the 10% fund, we recommend the Clerk's office use a tracking methodology to track the 10% revenues and 10% expenditures to ensure the expenditures do not exceed the revenues. An Excel spreadsheet or a designated expenditure account would be simple tools to use for tracking.

#### **Allocation Methodology**

The allocation of FTEs between court and non-court functions, should be based on an accumulation of relevant, sufficient, and reliable data, and compared to subsequent actual data to determine the reliability of the estimate. The Clerk's office does not have a clear methodology for allocating payroll and administrative expenditures between court and non-court-related functions.

The Clerk's office indicated it uses help desk tickets, the number of public records requests, meeting topics/times, number of employees, equipment counts/assignments, email volume, and special projects as well as other tools to determine the percentage allocated to cost centers. They could not, however, provide documentation supporting these objective measures. Without an accurate basis for allocating costs, the Clerk's office has no assurance that the estimates used for charging salaries to the State or used for budgeting purposes are accurate or need to be revised for the next budget cycle.

For eight (8) payroll samples, we were unable to verify the allocation of the employees' salaries between non-court and court-related accounts because there was no allocation methodology in place to use for verification.

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 and administrative expenditures reflect an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate.



# Pam Childers

Clerk of the Circuit Court and Comptroller, Escambia County

Clerk of Courts • County Comptroller • Clerk of the Board of County Commissioners • Recorder • Auditor

April 30, 2024

Florida Department of Financial Services  
200 E. Gaines Street  
Tallahassee, FL 32399-0353

RE: Article V Compliance Audit – April 2024

Attention Renee Hermeling:

## Clerk's Response - Status of Prior Audit Recommendation

1. The Clerk's office disagrees with this statement. Each and every court-related expenditure is in fact court-related and is appropriately allocated. There is not one way or a single method to allocate every expenditure so allocations vary depending on the type of charge. The audit outcome did not result in a reclassification of any expense nor a finding that it was improperly charged.

- Allocation of equipment is based on placement and use;
- Allocation of software is based who is using it and for what purpose;
- Allocation of staff is based on projects/tasks are individually assigned. For instance work tickets and projects assigned are used.
- Allocation of training is based solely on the purpose (court vs finance).
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2. The Clerk's office disagrees with this statement. Since this finding in a previous year, all managers have been given additional guidance as to how to appropriately allocate between court-related and non-court expenditures. It is recommended that the auditors come on site and spend time with Clerk staff to understand the allocation methods used.

## Clerk's Response - Observations and Recommendations (Current year) – Internal Controls

Bank Reconciliation documentation of who prepared and who reviewed – The Clerk concurs with this comment. While procedures were in place to have electronic documentation, the process of who prepares and date is saved in the electronic folder but the sign off is not. The Clerk will take another step to improve review documentation. It appears procedures may have changed or deviated during Covid when staff turn over or assignments were in flux.

## Clerk's Response – County Funding

The auditors find 8 instances in which expenditures were contrary to statutory guidance and were allocated to court cost. All 8 were technology specific expenditures either solely related to court functions or partially and therefore allocated accordingly. These 8 expenditures were all charged to an IT line item or cost center which is allowed through our allocation and approval of the

clerk-wide budget process that flows through CCOC. The words for this finding are confusing. Does it mean that the Clerk cannot make these charges to the court budget and should be charged to the County? Or does it mean that we did not use proper allocation? Given that our finance system tracks IT line items and cost centers, the extra work of tracking on an Excel spreadsheet is not needed when referring to the 10% cap. As stated above, the allocations used are appropriate for the type of expenditure.

Clerk's response – Allocation Methodology

The Clerk's office uses a robust payroll system called UKG. At any point we can allocate or change the allocation of an FTE based on their work history or current assignment. Reports are easily generated and used to allocate personnel expenditures between court and non-court. It can also be used when assigning equipment. For instance, the assignment of new computers can be cross referenced to the allocation used for payroll.

Since most allocations are related to IT expenditures, it should be noted that the IT department uses a variety of factors to allocate the percentage for each FTE. This Clerk's office has great assurance that the allocations are reflective of the work to be performed by each individual. Every hour of every day is not tracked, instead a percentage calculation is proposed based on work to be assigned and a reflection of the work tickets. If there is a deviation of the plan, allocations can and will be adjusted.

[REDACTED]

[REDACTED]

Pam Childers  
Escambia Clerk of Court & Comptroller

