



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

August 27, 2024

The Honorable Alex Alford
Clerk of the Circuit Court & Comptroller
Walton County
Post Office Box 1260
DeFuniak Springs, Florida 32435

Dear Clerk Alford,

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

WALTON COUNTY CLERK OF THE CIRCUIT COURT COMPLIANCE AUDIT

**Report No. 2024-131
August 20, 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, funds were expended for allowable court-related costs, transactions were accurate, they were 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 May 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(6), and 29.008, Florida Statutes.

WALTON COUNTY AT A GLANCE

The Walton County Clerk of the Circuit Court and Comptroller serves a population of 79,544.⁵

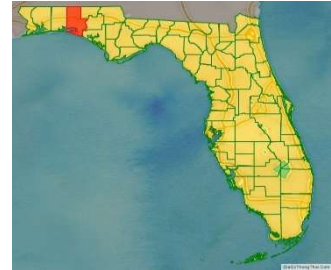


Table 1 shows the budgeted and actual expenditures for each fiscal year reviewed. Juror expenditures are not included.

Table 1

Year	Budgeted	Actual
CFY 21-22	\$1,649,782	\$1,649,782
CFY 22-23	\$1,687,871	\$1,687,871
CFY 23-24	\$1,773,887	\$1,166,083

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 7.5%. The actual expenditures increased by 2.3% from October 2021 through September 2023. Actual expenditures for CFY 23-24 are through May 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	26.45	28.20
CFY 22-23	26.50	31.80
CFY 23-24	26.50	29.45

The budgeted FTEs increased .1% for the period October 2021 through April 2024. The actual number of FTEs decreased by 13.8% over the same period. Actual FTEs increased 4.4% over the same period. Actual FTEs for CFY 23-24 are through May 2024.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Walton County Clerk of the Circuit Court in December 2015, Report No. 2016-02. The auditors noted one (1) 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. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has not 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, 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 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
- Separation of duties

The Clerk's office does not have a written purchasing policy for the expenditure of court funds. Their process is to have the supervisors send their requests to the purchasing agent who orders the items after finding the best price. The Clerk's office also stated that they use the county's purchasing policy.

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

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, we found that 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 is based on management estimates. 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.

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.

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 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.