



ADMINISTRATIVE REGULATION

DATE APPROVED:

AR: 3.08

February 19, 2019

SUBJECT:

DEPARTMENT:

Fraud, Waste, and Abuse Policy
Statutory Definitions added July 2020

Finance & Accounting

FRAUD, WASTE & ABUSE HOTLINE – 850-926-0356:

There are several ways for employees or citizens to report suspected Fraudulent Activity:

1. Wakulla County Fraud, Waste & Abuse Hotline – Call the Wakulla County Fraud, Waste & Abuse Hotline (the Hotline) at 850-926-0356. The Hotline is an independent and anonymous reporting line that allows you to register your concerns through a toll-free, 24-hour-a-day phone line. The Caller ID function has been disabled for this number. This phone line is an “unmanned” line and you will be directed to leave a message. You may leave as much or as little information as you desire. Please be aware that the less information you provide, the more difficult it may be to do a proper audit.
2. Clerk of Court Facsimile – You can send a fax to the Clerk’s Office at 850-926-0938. This is not an anonymous number and the number from which the fax is sent will be known and may be a public record under Florida law.
3. Clerk of Court Email – You can email the Director of Finance at gjames@wakullaclerk.com. This is not an anonymous email and the email from which the email is sent will be known and may be a public record under Florida law.
4. Clerk of Court Walk-Ins or Mail – You can visit or mail information to the Clerk of Court Finance Department, 3056 Crawfordville Highway, Crawfordville, FL 32327. This is not an anonymous form of reporting your concerns and any documentation received in person or through the mail may be a public record under Florida law.
5. State of Florida Fraud Hotline – The State Attorney General has established an anonymous Fraud Hotline that can be reached at 1-866-966-7226. If the State Fraud Hotline receives a report of suspected fraudulent activity, the State, and not the Clerk, will be responsible for any investigation and audit regarding the report.

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6. Other – Refer to the section titled “Regulatory Agencies” for information on other governmental or regulatory bodies/agencies that may be contacted. Again, if any of these hotlines are called, the Clerk of Court will not be the agency performing the audit.

PURPOSE:

Wakulla County (the County) through its Board of County Commissioners (BoCC) and its Clerk of Court (the Clerk) strive to make local government more effective, open and accessible to all citizens. Therefore, the County and the Clerk welcome receiving any citizen or employee concerns regarding fraud, waste or abuse within County government operations and the Clerk has been charged with receiving any citizen or employee concerns regarding the same.

The BoCC has established numerous financial and administrative policies with the intent of providing direction and guidance to all County employees on the proper administration of the County’s finances and business. The purpose of these policies is to ensure consistent organizational/employee behavior that adheres to all applicable federal, state and local laws, regulations and best practices. Pursuant to F.S. 218.33(3), various procedures have been implemented to support these policies and are intended to provide adequate internal controls in order to prevent, eliminate, mitigate or minimize any fraudulent activity of County fiscal resources.

When either the County’s policies or related procedures are not followed, the possibility for various types of fraudulent activity may occur. Each County employee has a responsibility to ensure the County’s fiscal resources are used for a valid and appropriate governmental purpose. Administrators and department heads, collectively referred to as the County Administrator’s staff, and County Commissioners have an added responsibility for establishing and maintaining adequate internal controls to protect the County’s fiscal resources from fraudulent activity. The County Administrator’s staff should be familiar with the risks and possible exposures in their respective areas of responsibility and be alert for any indications of fraudulent activity.

While the best internal controls prevent fraudulent activity from occurring, some internal controls catch fraudulent activity after-the-fact through monitoring and review. It is impossible to completely prevent all forms of fraudulent activity so this Administrative Regulation is also established to facilitate the development of additional controls that will aid in the detection of fraudulent activity.

Internal auditing is an independent appraisal function within the Clerk’s Office for the review of operations as a service to the County. It is a managerial control which functions by measuring and evaluating the effectiveness of other internal controls. The primary purpose of the internal audit function is to:

- Assist all members and levels of County management in the effective discharge of their duties by providing an independent appraisal function to examine and evaluate management’s functions.

- Furnish analysis, appraisals, recommendations and information through reports and memorandums on (1) functions, programs or activities reviewed, (2) the adequacy and effectiveness of internal controls and (3) the quality of performance in carrying out assigned responsibilities.

The County establishes and maintains internal controls to ensure that assets are protected, laws and ordinances are complied with, and that the mission of the County and its related departments is achieved. The duty of caring for public assets and serving citizens demands rigorous attention to all internal controls. The five (5) internal control factors contain seventeen (17) internal control principles that are inherent to ensuring the internal control framework of the County is effective. This internal control framework was established by the U.S. Government Accountability Office (GAO) by the Comptroller General of the United States. The internal control framework is:

1. Control Environment
 - a. Principle 1 – Demonstrate a commitment to integrity and ethical values
 - b. Principle 2 – Exercise oversight responsibility
 - c. Principle 3 – Establish structure, responsibility and authority
 - d. Principle 4 – Demonstrate a commitment to competence
 - e. Principle 5 – Enforce accountability
2. Risk Assessment
 - a. Principle 6 – Define objectives and risk tolerances
 - b. Principle 7 – Identify, analyze and respond to risks
 - c. Principle 8 – Assess Fraud Risk
 - d. Principle 9 – Identify, analyze and respond to change
3. Control Activities
 - a. Principle 10 – Design control activities
 - b. Principle 11 – Design activities for the information system
 - c. Principle 12 – Implement control activities
4. Information & Communication
 - a. Principle 13 – Use quality information
 - b. Principle 14 – Communicate internally
 - c. Principle 15 – Communicate externally
5. Monitoring
 - a. Principle 16 – Perform monitoring activities
 - b. Principle 17 – Evaluate issues and remediate deficiencies

PROCEDURES:

A. DEFINITIONS

Abuse means the intentional, wrongful or improper use or destruction of government resources, the excessive or improper use of an employee or official's position or seriously

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improper practice that does not involve prosecutable fraud. Per Section 11.45(1)(a) F.S., abuse means behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.

Audit means various forms of formal or informal “post-audit” reviews and Investigations conducted by the Clerk’s Office, law enforcement or other governmental or regulatory body/agency well after the activity has occurred, including financial audits, compliance audits, operational/performance audits, investigations, and consulting services, but does not include any audit functions assigned to the County’s independent, external auditor by the BoCC.

Compliance Audit means an audit that tests compliance with Federal and State regulations. In addition, tests are performed of local ordinances and resolutions of the BoCC, and policies and procedures of County departments or other entities receiving funds from the BoCC.

Consulting Services means an audit that involves independent analysis, review and recommendations for new and continuing processes that the County Administrator requests assistance in reviewing. Also, activity that is often considered non-financial activity, policy or procedures will, in fact, have an impact on the financial reporting of the County and the County Administrator may use the Clerk’s Office in helping identify those impacts.

Financial Audit means an audit that includes, but is not limited to, verifications that financial transactions of all types are a) accurately recorded and reported, b) properly approved and c) are legal expenditures which serve a public purpose and that financial resources are a) kept safe and b) managed properly. Financial audits, for purposes of this policy, may be lesser or equal in scope than financial audits as defined in Section 11.45(1)(d) F.S.

Fraud means any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means, as generally defined by the Association of Certified Fraud Examiners. Per Section 11.45(1)(e) F.S., fraud means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity’s assets, bribery, or the use of one’s position for personal enrichment through deliberate misuse or misapplication of an organization’s resources.

Fraudulent Activity means any type of financial or fiscal irregularity, impropriety, misappropriation, dishonest activity, fraud, waste, abuse or misuse and includes but is not limited to the following willful and intentional behaviors:

- The commission of any dishonest, illegal or fraudulent act characterized by deceit, concealment or violation of trust.
- The omission of an act in order to deceive others or to cover up any dishonest, illegal or fraudulent act.

- Any misappropriation of funds, securities, supplies or other assets and resources generally resulting in a loss to the County or an unlawful gain by the perpetrator.
- Any impropriety in the handling or reporting of funds or financial transactions.
- Any behavior authorizing or receiving payment or reimbursement for goods not received, expenses not incurred or services not performed.
- Any behavior that is deficient or improper including the misuse of authority for personal gain.
- Providing false or misleading information on any governmental form submitted to any governmental body/agency or auditor including worker's compensation fraud.
- Any behavior that results in taxpayers not receiving reasonable value in connection with any government funded activity.
- Any profiteering as a result of insider knowledge of County activities.
- Any wrongful behavior that alters, manipulates or destroys documents, files, systems or databases.
- Any deliberate reviewing of confidential or sensitive information outside of the scope of one's job duties as assigned.
- Any disclosure of confidential or sensitive information to outside parties that is exempt from public records.
- Accepting or seeking anything of material value, based upon the provisions of Section 112.3148, Florida Statutes, from contractors, vendors, suppliers or any person providing services/materials to the County.
 - Section 2.251 of the Wakulla County Code of Ordinances prohibits the acceptance of gifts of any kind, other than advertising novelties.
- Any destruction, removal, theft or inappropriate use of records, furniture, fixtures, equipment or any other asset of the County.
- Any other similar or related types of fiscal or financial irregularities not listed or enumerated herein.

Investigations means an audit that includes forensic, criminal or ethical Investigations, reviews, reports and referrals for criminal prosecution for allegations of employee or vendor misconduct, illegal acts, abuse, irregularities, and fraud that are discovered during other audits or are forwarded from management, employees or the public. Generally, these audits will be conducted by law enforcement (Federal, State or Local).

Operational/Performance Audit means an audit that includes, but is not limited to, the review, analysis and substantive testing of a) the audited entity's internal control structure and environment, b) the processes of operations for efficiency and effectiveness, and c) the audited entity's method and scope of operations compared to other similar entities to determine "best practices". Per Section 11.45(1)(i) F.S., operational audits means an audit whose purpose is to evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines. Operational audits must be conducted in accordance

with government auditing standards. Such audits examine internal controls that are designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of financial records and reports, and safeguarding of assets, and identify weaknesses in those internal controls. Per Section 11.45(1)(j) F.S., performance audits mean an examination of a program, activity, or function of a governmental entity, conducted in accordance with applicable governmental auditing standards or auditing and evaluation standards of other appropriate authoritative bodies. The term includes an examination of issues related to the economy, efficiency or effectiveness of the program, the structure or design of the program to accomplish its goals and objectives, the adequacy of the program to meet the needs identified by the Legislature or governing body, alternative methods of providing program services or products, the goals, objectives and performance measures used by the entity to monitor and report program accomplishments, the accuracy or adequacy of public documents, reports, or requests prepared under the program, the compliance of the program with appropriate policies, rules or laws, and any other issues related to governmental entities as directed by the Legislative Auditing Committee.

Waste means the unintentional, thoughtless or careless expenditure, consumption, mismanagement, use or squandering of government resources to the detriment or potential detriment of the government entity. Per Section 11.45(1)(m) F.S., waste means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

B. SCOPE OF POLICY

This Administrative Regulation includes any operation under the direction of the BoCC including all offices, departments and employees. All County employees are expected to cooperate and provide assistance as requested in audits. It also includes other functions for which the BoCC provides financial support as separate entities in its budget or of which the BoCC is the ex-officio governing body including committees, boards and non-profit entities. This Administrative Regulation includes all businesses that do business with the BoCC including contractors, consultants, vendors, suppliers and other outside agencies/entities doing business with or receiving funding from the BoCC.

This Administrative Regulation applies both willful and intentional activity and some unintentional activity if covered under the definitions of fraudulent activity, abuse, or waste. This Administrative Regulation applies to those who commit such fraudulent activity as well as those who assist or aid in committing or covering the fraudulent activity.

The scope of the audit work under this Administrative Regulation includes, but is not limited to the following general areas:

- Review of the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
- Review the systems established to ensure compliance with those policies, plans, procedures, laws, regulations which could have a significant impact on operations.

- Review the means of safeguarding assets and verify the existence of such assets.
- Investigate occurrences of alleged fraud, waste, abuse or other illegal acts as defined in this administrative regulation.
- Appraise the economy, efficiency and effectiveness with which resources are employed and review management's operational internal controls.
- Review operations or programs to ascertain whether the results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned or intended.

The County Administrator's staff and elected officials are responsible for:

- Raising the awareness of possible fraudulent activity.
- Reinforcing personal responsibility and accountability.
- Understanding the inherent limitations on existing internal controls that allows fraudulent activity to occur.
- Defining roles and responsibilities for detecting and preventing fraudulent activity.
- Detailing the procedures for reporting and investigating suspected fraudulent activity.

Each member of management must be familiar with the types of fraudulent activity that might occur within his or her area of responsibility, be alert for any indications of fraudulent activity and notify the Clerk any possible deficiencies in existing internal controls intended to mitigate this fraudulent activity. Any fraudulent activity that is detected or suspected by an employee must be reported immediately.

Both the BoCC staff and the Clerk's Office perform numerous types of "pre-audit" functions before the financial transaction or activity has been completed. While both the routine "pre-audit" functions and the non-routine "post-audit" functions are part of the internal control structure, this Administrative Regulation is intended to cover the "post-audit" function.

C. EXCEPTIONS

This Administrative Regulation does not apply to the Wakulla County School Board or its employees, the State Attorney's Office or its employees, the Public Defender's Office or its employees, or the Office of State Court Administration or its employees. Any calls to the Hotline regarding suspected fraudulent activity at one of these offices will be forwarded to the appropriate regulatory body/agency.

This Administrative Regulation does not apply to the independently elected constitutional officers or its employees (Clerk of Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector) since the jurisdiction of the Clerk's Office as auditor does not extend to these offices (Attorney General Opinion No. 086-38). While these offices receive funding from the BoCC and the BoCC is responsible for auditing their financial statements each year, these offices are independent of the BoCC and are responsible for establishing separate policies (or piggy-backing BoCC policies) to ensure the safety of County funds and resources.

Any calls to the Hotline regarding suspected fraudulent activity at one of these offices will be forwarded to the appropriate regulatory body/agency.

This Administrative Regulation does not apply to moral, ethical or other behavioral conduct that does not have a financial impact on the County. Any irregularities or improprieties related to morals, ethics or other similar non-financial behavior should be addressed to the County's Human Resource Department, the County's Legal Department and/or the State's Commission on Ethics. Any ethics complaints made to the Hotline will be forwarded to the appropriate regulatory body/agency. Ethical misconduct is generally defined as "instances when public officials or government employees conduct their duties in a manner which is not impartial; use their public office for personal gain; or when their private interests are in conflict with their public duties." More detailed information regarding the State's code of ethics for public officers and employees can be found in F.S. Chapter 112.

This administrative regulation does not apply to activities that are protected under federal, state or local law regarding the terms and conditions of employment, employee relations, grievances or complaints regarding workplace behavior or performance, discrimination, harassment, safety or worker's compensation or any other personnel matters. These activities generally will be handled by the Human Resource Department and/or the County Legal Department. Any non-financial employment related complaints made to the Hotline will be forwarded to the appropriate regulatory body/agency.

This Administrative Regulation is not intended for the unintentional or accidental behaviors that result in the loss of financial/fiscal resources of the County unless that unintentional or accidental behavior meets the definitions of waste or abuse or the unintentional or accidental behavior is willfully concealed or hidden. County management understands mistakes happen and expects all employees to notify the appropriate management and the Clerk's Office immediately when those mistakes result in financial/fiscal loss to the County so that the loss can be properly recorded in the financial reports of the County.

It is the County's responsibility to train employees in all aspects of their operational responsibilities, duties and the related policies and procedures of the County so that unintentional loss of County assets due to ignorance does not occur. All training of employees, both internally by staff and externally by vendors, associations or other professionals, should be documented and maintained in the employee file.

D. AUTHORIZATION FOR AUDIT

Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes the need for governments to have a financial reporting system in place that is sufficient to provide reasonable assurance that the County Administrator can prepare financial statements in conformity with generally accepted accounting principles (GAAP). To meet that objective, the financial reporting system must be designed to detect not only material fraud, waste or abuse but also any questionable

accounting or auditing practices that could jeopardize the integrity of financial reporting. SAS No. 112 instruct external independent auditors that inadequate anti-fraud programs and controls constitute, at a minimum, a significant deficiency that would need to be reported. The County has the Hotline as an anti-fraud program to be monitored by the Clerk's Office.

In most cases, potential instances of fraudulent activity come to the attention of responsible parties thanks to employees or citizens who are aware of such behavior. The Government Finance Officers Association (GFOA) recommends that every government establish policies and procedures to encourage and facilitate the reporting of fraudulent activity. The GFOA has published a "Whistleblowing" Best Practice which was utilized in constructing this Administrative Regulation.

The Clerk's Office is responsible for the accounting, bookkeeping and financial reporting for all County funds. As such, the Clerk's Office has the expertise, training, knowledge and responsibility to help the County establish and evaluate adequate internal controls, identify weaknesses in those internal controls and audit all types of financial activity. The Clerk's Office is authorized to perform certain audit functions in accordance with the following authorities:

- Article V, section 16 and Article VIII, section 1(d), Florida Constitution, provide that the Clerk serves "as ex officio clerk of the board of county commissioners, auditor, recorder, and custodian of county funds."
- The Supreme Court of Florida in the case of *Alachua v. Powers*, 351 So. 2d 32 (Fla. 1977) opined that while pre-audits are performed by the Clerk in its capacity as County auditor, the responsibility for post-audits may be made by either the Clerk or an independent certified public accountant retained by the BoCC.

Additionally, the Clerk's Office is not authorized to perform certain audit functions, namely:

- The Attorney General, in Opinion No. 086-38, ruled that the Clerk "...as ex officio county auditor is not authorized to perform post-audit functions on the records of other constitutional officers."
- Pursuant to Sections 125.01(1)(x), 11.45(1)(e), and 11.45(3)(a)3, Florida Statutes, the BoCC retains an independent certified public accountant to perform an annual financial audit of its accounts and records including the accounts and records of all County officers named in Section 1.(d), Article VIII, State Constitution (the constitutional officers). While the Clerk's Office may assist the external auditor, the Clerk's Office cannot perform this audit function.

The County, in an effort to ensure the elimination, mitigation or minimization of fraudulent activity shall:

- For purposes of conducting audits, allow the Clerk open access to all County records as needed, unless those records are deemed confidential pursuant to Florida Statutes. Section 119.07(6), Florida Statutes, emphasizes that public record exemptions do not apply or limit access by an internal auditor.

- For purposes of conducting audits, allow the Clerk to examine and copy all or any portion of the contents of files, desks, cabinets, computers, software reports or any other storage facilities on County premises without prior knowledge or consent of any individual under audit who might use or have access or custody of any such items or facilities when it is within the scope of the audit.
- All such access, as required by the Clerk, shall be coordinated in a timely manner with the County Administrator.

E. AUDIT RESPONSIBILITIES

The Clerk's Office, as authorized in the previous section, has the primary responsibility for the audit of all suspected fraudulent activity as defined in this Administrative Regulation. The Clerk has established appropriate investigatory procedures consistent with generally accepted accounting principles (GAAP), generally accepted governmental auditing standards (GAGAS), the auditing standards of the Institute of Internal Auditors (IIA) known as the "Standards of Professional Practice of Internal Auditing", the Governmental Auditing Standards (GAS) issues by the U.S. Governmental Accounting Office (GAO) and the rules of the State's Auditor General Office. In conformance with all of these standards, the Clerk shall:

- Ensure sufficient work papers will be prepared and maintained to substantiate the work performed, the findings reported and the recommendations made in such reports or memorandum(s).
- Ensure quality control of internal audits will be maintained through work paper review.
- Ensure continuing professional education for staff is provided to maintain the audit standards.
- Ensure professional proficiency will be maintained to assure audit tasks are carried out with professional proficiency and care.

The Clerk's Office is responsible for following a code of ethics entitled "Code of Professional Conduct" developed by the IIA. These standards obligate the Clerk's Office to:

- Exercise honesty, objectivity and diligence in the performance of their duties and responsibilities.
- Not knowingly be a party to any illegal or improper activity.
- Refrain from entering into any activity which may be in conflict with the interest of the County or which would prejudice their ability to objectively carry out their duties and responsibilities.
- Refrain from accepting fees or gifts without the prior approval of the Clerk of Circuit Court.
- Be prudent in the use of information acquired in the course of their duties and not use confidential information for any personal gain or in a manner which knowingly would be detrimental to the welfare of the County or an innocent party.
- Use reasonable care to obtain sufficient, factual evidence to support the conclusions drawn and, in reporting, reveal such material facts that could distort the report of the results of operations under review or conceal an unlawful practice.

The authority and responsibility of the Clerk's Office in carrying out the internal audit function empowers it to:

- Establish procedures and internal controls in considering the potential for fraud when conducting risk assessment activities as outlined in Principle 8 of the GAO Green Book.
- Conduct audits of County activities as they consider desirable in consultation with the County Administrator.
- Decide the nature and scope of such audits, based on risk analysis and input from the County Administrator.
- Formulate programs and methods of investigation to ensure complete and effective audit coverage and reporting.
- Investigate occurrences of alleged or suspected fraud, waste, abuse or other illegal acts as defined in this Administrative Regulation.
- Have coordinated yet open access to all County properties, records and personnel relevant to the fulfillment of these audit responsibilities.
- Review and appraise policies, plans, procedures and records.
- Inform and advise the County Administrator.
- Coordinate these activities with other external auditors and individuals so as to best achieve these audit objectives.

Neither the County Administrator, elected officials, nor employees should attempt to personally conduct an audit or investigation or interview or interrogate anyone suspected of fraudulent activity. Members of the County Administrator's staff and elected officials if contacted by a citizen or employee regarding suspected fraudulent activity must promptly report the suspected fraudulent activity to the Clerk's Office or the Hotline.

If the reporting individual or complainant is known (not an anonymous report), he/she should be informed not to contact the suspected individual(s) in an effort to determine any facts, confront the individual(s), make the individual(s) aware of any possible audit or to make any demands of any kind. The reporting individual/complainant should be informed not to discuss the audit, any facts known to them, any suspicions or allegations with anyone unless specifically asked to do so by the Finance Department, the County Legal Department or any other governmental or regulatory body/agency involved. While citizens have the right to request public records, the Clerk's Office recommends that citizens not engage in audits, investigations, interviews or interrogations of anyone suspected of fraudulent activity on their own. If a citizen suspects fraudulent activity of a County employee(s) they are encouraged to contact the Clerk, the Hotline or another governmental or regulatory body/agency.

Procedures have been established to determine if the audit will be conducted internally by the Clerk's Office or referred to law enforcement or another governmental or regulatory body/agency. If the review substantiates that fraudulent activity has or may have occurred and an audit is conducted internally, the Clerk will issue a report(s) to the BoCC, County Administrator, the County Legal Department, the County audit committee, the independent

external auditor and other management personnel, as appropriate and required. The final disposition of the audit will depend on the circumstances and findings provided in the report.

Additionally, if any suspected fraudulent activity involves criminal findings, the Clerk will contact the appropriate law enforcement agency or state attorney and consult and assist them as needed. The decision to prosecute or refer the audit results to the appropriate law enforcement and/or governmental or regulatory body/agency for further independent audit will be made by the Clerk's Office in consultation with the County Legal Department and/or the County Administrator. This decision will be affected by various statutes of limitations so anyone who may be aware of fraudulent activity is encouraged to report the suspected fraudulent activity immediately.

F. THE AUDIT PROCESS

The Audit of suspected fraudulent activity will generally follow this process and involves these components:

1. **Awareness** – Be aware of potential fraudulent activity. All citizens and all County employees, particularly the County Administrator, and elected officials should be familiar with the risks and exposures in their respective area of responsibility and be alert to any indication of fraudulent activity. Any member(s) of the County Administrator's staff and elected officials that are notified of suspected fraudulent activity are required to report the suspected fraudulent activity to the Clerk. In these instances, the Clerk's Office will work with the County Administrator to investigate the suspected fraudulent activity.
2. **Reporting** – Report via the proper channels. Any fraudulent activity that is detected or suspected by an elected official or member of the County Administrator's staff must be reported immediately.
 - a. Report Information – Citizens may leave as much or as little information as they desire. Members of the County Administrator's staff must provide all information available. If a member(s) of the County Administrator's staff is concerned about retribution they may be eligible for protection under the "Whistleblower Act". Please be aware that the less information you provide, the more difficult it may be to do a proper audit. The information needed in your complaint is:
 - The suspected fraudulent activity.
 - Who was involved? Include names and positions, if you have them.
 - When and where did the behavior take place?
 - If known, what law, rule, policy or standard was violated?
 - What witnesses, documents or other evidence do you have to support the claim?
 - Have you contacted or reported the suspected behavior to your supervisor, a member of management or another governmental entity? If so, when? What was the outcome?

- If you are not concerned about remaining anonymous, it would be beneficial to leave your name and a way of contacting you such as a phone number, email address or mailing address in case the Clerk's Office has additional questions.
3. **Audit Process** – The Clerk's Audit process generally includes the following phases and components:
- a. Due Diligence – While great effort will go into identifying and eliminating fraudulent activity, great care must also be taken in the Audit of suspected fraudulent activity so as to avoid mistaken accusations, damaging innocent reputations, or prematurely alerting a suspected individual(s) that an audit is underway. The messages left on the Hotline will be monitored and routed directly to the Clerk's internal audit team who will either start an audit, decline to start an audit due to the lack of credible information or refer the complaint to the proper authorities.
 - b. Risk Assessment – The Clerk's Office identifies areas of concern or risk in three general ways:
 - i. The Clerk's Office performs routine risk assessments for analyzing and classifying potential auditable areas by audit risk level on an annual basis.
 - ii. The County Administrator or other member of her or his staff requests that an audit be performed in an area of special concern.
 - iii. The Clerk's Office receives a tip from an employee or citizen of suspected fraudulent activity.
 - c. Preliminary Work – The fact finding and preliminary work are essentially the same regardless of how the potential audit came to the Clerk's attention – gathering and reviewing all available supporting documentation regardless of its source or form, conducting interviews, and contacting other parties and resources.

When the Clerk's Office receives a tip of suspected fraudulent activity the Clerk's Office must first determine, to the best of its ability, the probability that the alleged acts could have occurred by gathering and reviewing all available related supporting documentation. If, after review of all available related supporting documentation, it is determined that the allegation is not credible the Clerk's Office will decline to conduct an audit and will document its reasons therefor.

If it is determined that the allegation(s) is credible, the Clerk's Office will begin an audit, conduct witness and party interviews and may contact other resources, as needed, to assist in the audit. The Clerk's Office will utilize all possible legal means to obtain enough relevant, credible information to make a determination of whether or not fraudulent activity has occurred. In some

situations the Clerk's Office will be lead on the audit and in other situations another governmental or regulatory body/agency will take over the audit. The preliminary work includes but is not limited to notifying the County Administrator of an upcoming audit; preparing and assigning work to appropriate staff; a preliminary meeting with the County Administrator and determining the processes to be followed based on risk analysis, review of laws, regulations and financial information and developing the audit program.

- d. Field Work – Fieldwork consists of testing, analysis, review and documentation of work performed. Audit findings are discussed with the County Administrator as they are found to allow immediate correction when applicable. All work papers are reviewed for compliance with auditing standards during this phase.
- e. Exit Conference – An exit conference is held with the County Administrator in which all observations, findings, recommendations and related implementation time tables are discussed to obtain input and clarification. A Management Action Plan (MAP) is created to implement to necessary changes in a timely manner.
- f. Audit Report Issued – The Draft Audit Report is written, approved by the Clerk and forwarded to the County Administrator for review. After corrections, if any, are made, the County Administrator's response is included as part of the published final report. The Audit Report is distributed simultaneously as necessary to the appropriate department head, the County Administrator, the BoCC, the County's audit committee, the County Legal Department, the external auditor and the public. The report will include but may not be limited to:
 1. Executive Summary – identify the purpose, objectives and audit approach.
 2. Scope and Methodology of the Audit – identify the scope of the audit and the methodology used to initiate, plan, coordinate and close out the audit.
 3. Background and Information – identify the current environment or background listing the existing internal control structure, policies and procedures, the rules, laws or policies at issue and the internal control breakdown(s) or weakness(es) that led to the errors, problems or fraudulent activity, if any, and all of the information and documentation reviewed which supports the conclusions made.
 4. Observations, Findings and Recommendations – identify the observations, findings and recommended changes or corrective action to the internal control structure, policies and procedures needed to correct the problem(s) and report any misconduct to the appropriate law enforcement and/or regulatory body as needed.
 5. Audit Team – List the members of the audit team and their related credentials.

6. Appendices – List the attachments referenced throughout the audit report.
- 7). County Administrator’s Response – Include the response and related Management Action Plan (MAP) with timeline.

The results and findings of all audit reports will be taken into consideration in order to make recommendations to modify or edit other existing policies/procedures in order to further mitigate future fraudulent activity.

- g. Follow Up Audit – The Clerk’s Office may perform a follow up audit to ensure the agreed upon recommendations are being implemented within the agreed upon time table in accordance with the MAP. This follow-up may include additional audit work. If the MAP is not being implemented on schedule without sufficient reason a follow up report may be issued to the BoCC, the external auditor and/or other regulatory bodies/agencies.
- h. Notification and Disclosure – In addition to the issuance of an audit report prepared and disseminated by the Clerk’s Office, the Clerk will also notify and disclose, in a timely manner and in writing, to all appropriate agencies any indications of fraud, waste, abuse or other potential criminal activity pertaining to the misuse of grant funds. Specifically:
 - a. Federal Agencies – The appropriate Federal awarding agency will be notified of all violations of criminal law involving fraud or bribery potentially affecting a Federal award as specified by 2 CFR 200§200.113 and the United State Department of Treasury and the Treasury Inspector General will be notified as required by Treasury’s RESTORE Act Standard Terms and Conditions (D.3.b.ii).
 - b. State Agencies – The appropriate State awarding agency and the Auditor General’s Office will be notified as specified by the Rules of the Auditor General, Chapter 10.550, Florida Administrative Code.
 - c. Law Enforcement Agencies – The appropriate Federal, State or Local law enforcement agencies will be notified of any potential criminal activity pertaining to any County fiscal resources regardless of their source.

G. CONFIDENTIALITY

1. Public Records Requests - The Clerk’s Office treats all information received, whether through the Hotline or otherwise, as confidential, to the extent permitted by Florida’s Public Records Act, Chapter 119, Florida Statutes. All inquiries from citizens, the media, the suspected individual(s), his or her attorney or representative, or any other inquirer regarding an ongoing audit should be directed to the Director of Finance with the Clerk’s Office, the Public Information Officer for the County or the County’s Legal Department.

No information concerning the status of an ongoing audit will be given during the course of the audit pursuant to section 119.071(k), Florida Statutes, which exempts ongoing audits. Under no circumstances should any reference be made to the allegation, suspected crime, suspected individual(s), suspected fraudulent act or any other specific reference that would shed light on what or who is being audited. Ongoing audits will not be discussed or disclosed with anyone other than those who have a legitimate need to know such as certain members of the County Administrator's staff, the County Legal Department, the Audit Committee, the external auditor, law enforcement and/or other governmental or regulatory bodies/agencies. If anyone in the County Administrator's staff is informed of the audit, they are not to discuss the audit with anyone unless authorized to do so by the Clerk's Office, the County Legal Department or any other governmental or regulatory body/agency involved.

Limiting discussion of the suspected fraudulent activity during the audit is important in order to a) avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and b) conduct an effective and thorough audit. The complainant who reports suspected fraudulent activity, whether an employee or a citizen, is expected to refrain from discussing their report of the suspected fraudulent activity, any ongoing audit or any information shared with the Clerk's Office with anyone including the media. Maintaining this confidentiality during the audit is intended only to allow the Clerk's Office to conduct a proper and thorough audit and is not intended to restrict any person from conduct that is permitted under law.

The Clerk's Office cannot, under all circumstances, guarantee complete confidentiality because 1) identification may be necessary to allow law enforcement officials to investigate or respond effectively to a report; 2) identification may be required by law; or 3) the person accused of violations may be entitled to the information as a matter of legal right in disciplinary proceedings.

Once an audit is complete the laws related to these reports and their availability to the public shall be followed. Florida Statute Chapter 119 – "Public Records" and Chapter 286 – "Public Business – Miscellaneous Provisions" governs what is a public record and sections 119.071 and 286.0113, Florida Statutes, outline the general exemptions from public records and public meeting laws.

2. Whistleblower Protection Act – The complainant may be protected through the State's Whistleblower Protection Act –sections 112.3187 – 112.31895, Florida Statutes. In summary and in general:

- Section 112.3187, Florida Statutes, prohibits any adverse action being taken against an employee who discloses information related to violations of law.
- Section 112.3188, Florida Statutes, prohibits the release of the name or identity of the complainant or "whistleblower".

The County will not retaliate and will not tolerate retaliation against any person who makes a report of suspected fraudulent activity in good faith or against any individual who participates in an audit under this Administrative Regulation. Complaints of retaliation will not be investigated by the Clerk's Office and is beyond the scope of this Administrative Regulation. These complaints should be filed with the Human Resource Department, the County Legal Department or appropriate regulatory body/agency.

Reports of suspected fraudulent activity are considered to be made in bad faith if they are made maliciously or with reckless disregard for their truth or falsity. If you make a report in bad faith, you may be subject to disciplinary or other employment action by the County and may also be subject to legal claims by the individuals about whom bad faith reports were made.

H. DISCIPLINE & TERMINATION

If an audit results in a recommendation to terminate an individual(s), the recommendation will be reviewed for approval by the designated representatives of the County Human Resource Department, County Administrator's Office and/or the County Legal Department before any such action will be taken. The Clerk's Office does not have authority to terminate a County employee. The decision to terminate an employee will be made by the County Administrator in accordance with County personnel policies.

I. CONFLICT OF INTEREST

As a general rule, if a person with a role in any of the audit procedures (Clerk's Office employee or County employee) is alleged in a report to be personally involved in any way in suspected fraudulent activity, that person must not participate in the procedures for reviewing or investigating the allegation. That person is responsible for recusing him or herself and forwarding the report to others to handle. No member of the audit team shall audit any of the daily responsibilities or activities for which they have authority. If the Clerk's Office Finance Department has a conflict of interest, the audit should be handled by an outside governmental or regulatory body/agency. If a citizen or employee suspects any fraudulent activity by a Clerk of Court employee, an outside regulatory body/agency should be contacted (see below).

J. REGULATORY AGENCIES

Throughout this Administrative Regulation reference is made to other governmental or regulatory bodies/agencies that may assist in an audit or be the investigative body. Other governmental and regulatory bodies/agencies that may be contacted are listed below and the list is not intended to be all-inclusive:

- Financial:
 - Auditor General of the State of Florida –
 - <https://flauditor.gov/>
 - Office of Auditor General
State of Florida
Claude Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Fl. 32399-1450

- Telephone – 850-412-4722
- Inspectors General of the State of Florida –
 - <http://www.floridaoig.com/>
- Criminal:
 - Wakulla County Sheriff's Office, Criminal Investigation Division (CID) –
 - <http://www.wcso.org/>
 - Wakulla County Sheriff's Office CID
15 Oak Street
Crawfordville, Fl. 32327
 - Telephone – 850-745-7180
 - Florida Department of Law Enforcement (FDLE) –
 - <http://www.fdle.state.fl.us/>
 - Florida Department of Law Enforcement
P.O. Box 1489
Tallahassee, FL 32302-1489
 - Telephone – 850-410-7000
 - Wakulla County State Attorney's Office –
 - Wakulla County State Attorney
3056 Crawfordville Highway
Crawfordville, Fl. 32327
 - Telephone – 850-926-0914
 - Attorney General of the State of Florida –
 - <http://www.myfloridalegal.com/>
 - Office of Attorney General
State of Florida
The Capitol PL-01
Tallahassee, FL 32399-1050
 - Telephone – 850-414-3990
- Ethical:
 - Florida Commission on Ethics – Fraud, Waste and Abuse by Elected Officials
 - <http://www.ethics.state.fl.us/>
 - The Florida Commission on Ethics
P. O. Drawer 15709
Tallahassee, FL 32317-5709
 - Telephone – (850) 488-7864
- Other:
 - Florida Abuse Hotline – Abuse of Children, Elderly or Disabled

- Telephone – 800-962-2873
- Consumer Complaint Hotline – Consumer Service complaints regarding businesses
 - Telephone – 850-488-2221
- Consumer Healthcare Hotline – HMO Fraud and Abuse and Healthcare Issues
 - Telephone – 800-226-1062
- National Fraud Information Center Hotline – Telemarketing Fraud
 - Telephone – 800-876-7060
- Division of Public Assistance Fraud – Government Public Assistance Fraud
 - Telephone – 407-835-4410

K. OTHER RESOURCES

The Clerk’s Office relies on other resources for authoritative policy and procedure related to accounting and internal auditing. Those resources include but are not limited to the:

- Governmental Accounting Standards Board (GASB) - <https://www.gasb.org/home>
- Association of Inspectors General (AIG) - <http://inspectorsgeneral.org/>
- Institute of Internal Auditors (IIA) - <https://na.theiia.org/Pages/IIAHome.aspx>
- U.S. Government Accountability Office (GAO) - <https://www.gao.gov/>
- Association of Local Government Auditors (ALGA) - <https://algaonline.org/>
- American Institute of Certified Public Accountants (AICPA) - <https://www.aicpa.org/>
- Florida Auditor General - <https://flauditor.gov/>
- Association of Certified Fraud Examiners (ACFE) - <http://www.acfe.com/>
- Government Finance Officers Association (GFOA) - <http://www.gfoa.org/>

L. ADMINISTRATION & APPROVAL

The BoCC is responsible for the approval of this Administrative Regulation. In order to maintain independence and objectivity, the Clerk’s Office is responsible for the administration, revision (subsequent to BoCC approval), interpretation and application of this Administrative Regulation. The Administrative Regulation will be reviewed and revised by the Clerk as needed and submitted to the BoCC for review and ratification. The Clerk’s Office has established internal procedures to ensure this policy is followed and those procedures may be amended at any time without any approval other than the Clerk of Court.