



Clerk of the Courts Audit - #903

Executive Summary

Background

Pursuant to Section 102.118 of the Municipal Code, each of the constitutional officers is to be audited by the Council Auditor's Office at least once every five years. The focus of our audit was Tax Deed auctions conducted by the Clerk of the Court.

Before the Tax Deed process starts, there are tax certificates. Property taxes become delinquent April 1 of each year, if unpaid. The Tax Collector's Office holds the tax certificate auctions. A tax certificate holder must hold the tax certificate for a minimum of two years from the date of delinquency of the certificate issue year to initiate a tax deed application pursuant to Florida Statute 197.502. The Tax Deed application process begins at the Tax Collector's Office and then moves to the Clerk of Courts.

Upon the application being sent to the Clerk of Courts, the Tax Deed Department calculates the tax deed application fee amount. Fees associated with a tax deed sale include a base application fee, a fee to the vendor that operates the auction website, Sheriff notice fees to serve any required notices, advertising costs, and mailing fees for notices. The applicant is required to pay the tax deed application fee to the Clerk's Office to begin the process. Once the application fees have been paid and notices and advertisements have occurred, a tax deed auction is conducted online. The opening/minimum bid for the auction is the total of the delinquent taxes, interest, and fees associated with the sale plus one-half of the assessed value if the property was a homestead property on the most recent tax roll. From the proceeds of a tax deed sale, the Clerk's Office first pays the amount due to the applicant, which includes their initial purchase of the tax certificate, fees, and any interest earned. Any remaining funds are distributed pursuant to state law.

What We Found

Overall, we determined that the Clerk of the Courts was assessing and collecting the appropriate fees for tax deed applications, minimum bids were generally being calculated accurately, and that the distribution of sales proceeds was generally performed correctly. However, we did note several issues with the distribution of surplus funds. Specific issues noted were:

- Based on the testing performed on 50 tax deed applications with surplus funds of a total of \$888,127, we found that the Clerk's Office had issues with the distribution of surplus funds for 2 (or 4%) of the tax deed applications tested, which resulted in the Clerk's Office failing to distribute a total of \$7,604.50.
- In our supplemental testing of 3,924 tax deed applications to identify undistributed surplus funds, we identified 185 additional tax deed applications that had undistributed surpluses of \$50,955 that were past the date that any remaining surpluses should have been sent to the state.
- The Tax Deed Department's policies and procedures were missing necessary items related to day-to-day activities. The standard operating procedures (SOPs) provided did not appear to be official and approved. They had no information on who the approver was and the date the SOP was approved/updated.
- We noted various issues related to the level of access to the Clerk's Office tax deeds systems.

What We Recommend

We recommend that the Clerk of the Courts institute policies and procedures to address the items noted above and that the surplus funds be remitted to the appropriate parties.



Council Auditor's Office

Clerk of the Courts Audit

April 8, 2026

Report #903

EXECUTIVE SUMMARY

AUDIT REPORT #903

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OFFICE OF THE COUNCIL AUDITOR
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April 8, 2026

Report #903

Honorable Members of the City Council
City of Jacksonville

INTRODUCTION

Pursuant to Section 102.118 of the Municipal Code, each of the constitutional officers is to be audited by the Council Auditor's Office at least once every five years. The Clerk of the Courts Audit was performed to meet the requirement of Section 102.118.

The Clerk of the Courts is a constitutional office established pursuant to Article V, Section 16 of the Constitution of the State of Florida and Article XII, Section 6 of the City's Charter. The functions of the Clerk of the Courts' Office (Clerk's Office) are to maintain court records, attend court sessions, process civil and criminal court cases, receive and disburse monies for fines, court costs, forfeitures, fees, service charges, alimony, child support, and victim restitution. The Clerk's Office also maintains official records, issues marriage licenses, and processes tax deeds for Duval County (County). The operations of the Clerk's Office are funded by revenues generated from functions for both the State of Florida (State) and the County. In addition to the county obligations required pursuant to Article V to fund certain court-related items, the City is responsible for the Clerk's Office county-related functions which include the Tax Deed Department, Marriage License Department, and Recording Department due to the City of Jacksonville operating as a consolidated government. In fiscal year 2024/25, the City authorized a budget of \$5,277,026, which was utilized to fund 36 full-time positions and 14,300 part-time hours for county-related functions and other county obligations. The focus of our audit was the Tax Deed Department.

Before the Tax Deed process starts, there are tax certificates. Property taxes become delinquent April 1 of each year, if unpaid. The Tax Collector's Office holds the tax certificate auction 60 days after delinquency or June 1, whichever is later per Florida Statute 197.402. A tax certificate holder must hold the tax certificate for a minimum of two years from the date of delinquency of the certificate issue year to initiate a tax deed application pursuant to Florida Statute 197.502. The Tax Deed application process begins at the Tax Collector's Office, but moves to the Clerk of Courts, which is the portion of the process subject to our audit.

Upon the application being sent to the Clerk of Courts, the Tax Deed Department calculates the tax deed application fee amount. Fees associated with a tax deed sale include a base application fee, a fee to the vendor that operates the auction website, Sheriff notice fees to serve any required notices, advertising costs, and mailing fees for notices. The applicant is required to pay the tax deed application fee to the Clerk's Office to begin the process. Once the application fees have been paid and notices and advertisements have occurred, a tax deed auction is conducted online. There are regularly scheduled auctions conducted once a month, in January through October, with no

auctions scheduled in November or December due to the Tax Collector's Office workload during those months.

The opening/minimum bid for the auction is the total of the delinquent taxes, interest, and fees associated with the sale plus one-half of the assessed value if the property was a homestead property on the most recent tax roll. From the proceeds of a tax deed sale, the Clerk's Office first pays the amount due to the applicant, which includes their initial purchase of the tax certificate, fees, and any interest earned. Any remaining funds are surplus funds and distributed to lienholders in the order of priority, with Federal, State, and County claims being paid first, followed by mortgage holders and other creditors who recorded liens before the tax certificate was issued. Any funds remaining may be claimed by the former property owner. Funds not claimed within the applicable statutory period are sent (escheated) to the State of Florida who manages future claims to the funds.

To maintain ownership of the property, the taxes owed can be paid by the owner at the Tax Collector's Office (tax certificates redeemed) at any time before the Clerk's Office has received full payment for the tax deed after the auction.

STATEMENT OF OBJECTIVE

To determine whether the Clerk's Office was assessing and collecting the appropriate fees related to tax deed applications, properly calculating the minimum bid, and properly distributing the proceeds.

STATEMENT OF SCOPE AND METHODOLOGY

The scope of our audit was October 1, 2023, through December 31, 2024. Our audit consisted of a review of management controls, a review of the laws, rules, and regulations governing tax deed applications, a review of written policies and operating procedures, discussions with the Clerk's Office personnel, detailed testing of a sample of tax deed applications sent to the Clerk's Office by the Tax Collector, and analytical testing to verify the \$60 tax deed application fee was being sent from the Clerk's Office to the City.

We requested a listing of all tax deed applications sent to the Clerk's Office by the Tax Collector from October 1, 2023, through December 31, 2024. There was a total of 1,060 tax deed applications sent to the Clerk's Office during our audit scope. For each application, we then identified the status (pulled¹, redeemed², sold³, etc.) by matching the parcel ID number to the tax deed data on the Clerk's Office website (taxdeed.duvalclerk.com).

¹ Properties that were pulled from an auction due to various reasons such as applicant not paying the fees in a timely manner.

² The owed taxes were paid off prior to a sale being completed.

³ The property sold at the Tax Deed Auction.

Unless specifically stated otherwise, based on our selection methods and testing of transactions and records, we believe that it is reasonable to project our results to the population and ultimately draw our conclusions on those results. Additionally, for proper context we have presented information concerning the value and/or size of the items selected for testing compared to the overall population and the value and/or size of the exceptions found in comparison to the items selected for testing.

Detail Testing

To identify a sample for our main testing, we grouped each application as being pulled before the application fee was paid, pulled after the application fee was paid, or sold based on the application's status. We then judgmentally selected a sample size of 125 tax deed applications for testing with the following criteria, selecting within the applicable categories at random:

- 25 applications that were pulled before applicant payment,
- 50 that were pulled/redeemed after applicant was billed, but before property was sold (note: application fee was collected on 48 of 50 while the other 2 had not yet been paid), and
- 50 that were sold/ownership transferred.

For each of the 25 applications selected for testing that were pulled prior to applicant payment, we verified backup support to confirm it was pulled appropriately.

For the 50 applications that were pulled after applicant was billed but before property was sold, we verified the application fee was calculated, charged, collected (if applicable), and recorded correctly and that the base bid amounts assigned to the properties were correct.

For the 50 applications that were sold/ownership transferred, we performed the same testing as on the prior 50 that were pulled after applicant billed, but then also verified that the funds from sale were collected, recorded, and disbursed correctly and that any surplus was calculated and disbursed appropriately.

Analytical Testing

We also performed analytical testing to verify the accuracy of the total amount remitted to the City based on transaction reports from the Clerk's Office tax deed management system and data on properties listed on the tax deed auction website.

Supplemental Testing

Based on potential issues noted with surplus distributions and properties placed on the lands available for taxes list⁴, we decided to expand our testing related to undistributed surpluses. To do this we looked at all 3,924 tax deed applications dating back to May 2021 when the Clerk's Office implemented a new tax deed management system. We identified 329 cases with surplus available as of March 17, 2025, when we pulled the data. We then reviewed these cases for the following scenarios that we did not believe should occur:

1. Cases with a status other than sold with a surplus,
2. Cases with no high bid with a surplus, and

⁴ List of properties that did not sell at Tax Deed auction that, after a 90 day window that the county has the exclusive right to purchase, can be purchased by anyone for an amount equal to the opening bid amount plus subsequent taxes, interest, and applicable fees.

3. Cases sold before April 1, 2024 with a surplus, that should have had any remaining funds escheated to the State by then.

In total, we found 189 cases that met one of these three above criteria with a total surplus available of \$58,571.40. We then reviewed backup information attached to each case and reached out to the Clerk's Office to determine why surplus was available for each of these cases.

REPORT FORMAT

Our report is structured to identify Internal Control Weaknesses, Audit Findings, and Opportunities for Improvement as they relate to our audit objective(s). Internal control is a process implemented by management to provide reasonable assurance that they achieve their objectives in relation to the effectiveness and efficiency of operations and compliance with applicable laws and regulations. An Internal Control Weakness is therefore defined as either a defect in the design or operation of the internal controls or is an area in which there are currently no internal controls in place to ensure that management's objectives are met. An Audit Finding is an instance where management has established internal controls and procedures, but responsible parties are not operating in compliance with the established controls and procedures. An Opportunity for Improvement is a suggestion that we believe could enhance operations.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDITEE RESPONSES

Responses from the auditee have been inserted after the respective finding and recommendation. We received these responses from the Chief Financial Officer of the Clerk's Office in a Memorandum on March 30, 2026.

AUDIT CONCLUSION

Overall, we determined that the Clerk of the Courts was assessing and collecting the appropriate fees for tax deed applications, minimum bids were generally being calculated accurately, and that the distribution of sales proceeds was generally performed correctly. However, we did note several issues with the distribution of surplus funds.

AUDIT OBJECTIVE

To determine whether the Clerk's Office was assessing and collecting the appropriate fees related to tax deed applications, properly calculating the minimum bid, and properly distributing the proceeds.

Internal Control Weakness 1 – Issues with Standard Operating Procedures

The Tax Deed Department's policies and procedures were missing necessary items related to day-to-day activities. The standard operating procedures (SOPs) provided did not appear to be official and approved. They had no information on who the approver was and the date the SOP was approved/updated.

The Tax Deed Department's SOPs did not address the following:

1. Receiving or returning documents through the mail.
2. A breakdown of the cost statement that is sent to the tax deed applicant and procedures to address nonpaying applicants.
3. Statutory requirement of sending sheriff notices prior to a sale.
4. Monitoring redeemed, bankrupt, or pulled properties and removing them from an auction.
5. Tax Deed Auction Website procedures, including how to handle refunds and deposits, as well as banning bidders who walk away after winning an auction.
6. Access rights management in the Tax Deed Auction Website and the Tax Deeds Processing System.
7. The process for when a property is sold in error.
8. Recording and mailing out new deeds after a sale.
9. How to handle auctions that end with the bidder failing to complete payment, including the relisting process.
10. Calculation and payment of surplus funds, including how to distribute surplus funds from default deposits and cases that are not sold at auction.
11. Properties that did not sell at auction being added to the properties available for sale listing
12. Adding/removing and reviewing active fees in the Tax Deeds Processing System.
13. The statutory requirement to notify parties of a sale via certified mail.
14. The Internal Revenue Code requirement to notify the IRS of a sale.

Per discussions with the Clerk's Office, some of the topics not covered by the SOPs are addressed in the Best Practices published by the Florida Court Clerks & Comptrollers. These Best Practices are not referenced in the SOPs. The Clerk's Office provided copies of these Best Practices for Tax Deeds and Surplus, but the versions provided were draft versions from 2018.

Without a complete set of SOPs, there is an increased risk that employee turnover could lead to the loss of institutional knowledge. Also, there is more risk for inconsistent processes which could lead to errors.

Additionally, we noted issues with the Finance Office, Marriage License Office, and Recording Office policies and procedures that need to be addressed as well.

Recommendation to Internal Control Weakness 1

We recommend that the Clerk’s Office:

1. Review the policies and procedures that are in place and update them to include any missing necessary items.
2. Include information on who approved of the SOPs and when they were approved/updated.
3. Consider consolidating the Tax Deeds SOPs into a single document.
4. The procedures from official Best Practices published by the Florida Court Clerks & Comptrollers that are in use by the Clerk’s Office should be included in the SOPs or a reference to the Best Practices should be added to the SOPs.

Auditee Response to Internal Control Weakness 1

Agree Disagree Partially Agree

The Clerk’s Office recognizes the need for and importance of current policy and procedure manuals and have been diligently working on updating the policy and procedure manuals.

Internal Control Weakness 2 – Excessive Access Rights

We noted various issues related to the level of access to the Clerk’s Office tax deeds systems. Specifically, we found the following:

- Tax Deeds Processing System – 18 of 29 active user accounts (62%) were inappropriate based on the current job assignment and status.
 - 3 generic user accounts were no longer used/needed.
 - 15 user accounts had inappropriate access allowing Tax Deed and Finance employees the ability to edit fees in the system, create new system users, and change user roles and rights (including their own) without approval.
- Tax Deed Auction Website – 2 of 13 active user accounts (15%) were inappropriate and not needed based on their job assignments.

Recommendation to Internal Control Weakness 2

We recommend that the Clerk’s Office address the issues above and regularly review access rights to ensure that there is a proper separation of duties and that access is appropriately restricted to users who have a valid business purpose. Such review process should be documented and the process outlined in the standard operating procedures.

Auditee Response to Internal Control Weakness 2

Agree Disagree Partially Agree

The Clerk’s Office has addressed the access rights for the Tax Deed Processing System and the Tax Deed Auction website. In addition, procedures have been developed to review access to these systems on a periodic basis.

Internal Control Weakness 3 – Issues with Fees in Tax Deeds Processing System

Pursuant to the Florida Statutes, the Clerk’s Office is required to collect and distribute certain revenues on behalf of the County and State. Of the 48 active fees in the system, we found that 12 active fees did not have a reference to the Florida Statutes, and an applicable reference could not be identified. None of these fees were charged during our audit scope.

Recommendation to Internal Control Weakness 3

We recommend that the Clerk’s Office maintain records that indicate the statutory basis for all fees listed in the tax deeds system and deactivate the fees that do not have statutory authority.

Auditee Response to Internal Control Weakness 3

Agree Disagree Partially Agree

The Clerk’s Office has deactivated the fees referenced.

Finding 1 – Issues with Distribution of Surplus Funds

Pursuant to the Florida Statutes, if a property is purchased for an amount in excess of the minimum bid, the surplus must be distributed by the Clerk’s Office. Based on the testing performed on 50 tax deed applications with surplus funds of a total of \$888,127, we found issues with the distribution of surplus funds for 2 (or 4%) of the tax deed applications tested. The Clerk’s Office failed to distribute a total of \$7,604.50. Both related to situations where the properties had to be reauctioned due to the initial winning bidder not fulfilling their obligation to provide the remaining funds within the statutory required period. This resulted in bidder’s deposit being forfeited.

- 1) In the first case, the forfeited funds from the deposit (\$4,105 based on 5% deposit on winning bid of \$82,100) of the winning bidder at the first auction were more than the minimum bid required (\$2,593.71). This meant the property could have been pulled from further auctions and the excess funds could have been distributed. The Best Practices from the Florida Court Clerks and Comptrollers state to consider this approach and it would appear to be a reasonable approach because there would no longer be a minimum bid and the tax deed applicant would be made whole.
 - a) Even if the property was to move on to another auction, the minimum bid was incorrectly calculated by the Clerk’s Office. The forfeited deposit of \$4,105 was enough to cover all costs with \$1,346.04 being left in surplus. The Clerk’s Office instead listed \$1,346.04 as a minimum bid at the second auction. After the winning bidder walked away again at the second auction, the property was placed and sold from the lands available for taxes list. Given the forfeited deposits were more than what was owed in taxes and fees, this left an undistributed surplus for a property sold from the lands available for taxes list of \$7,199.75. It is not normal to have a surplus for a property sold from the lands available for taxes list.
- 2) In the second case, the property was transferred to the tax deed applicant after no bids were received at the second auction. However, the Clerk’s Office failed to distribute the surplus of \$404.75 that resulted from the forfeited funds from the first auction.

We found 185 additional issues with undistributed surplus during our supplemental testing as explained in Finding 2.

Recommendation to Finding 1

We recommend that the Clerk’s Office:

- Perform periodic reviews of all tax deed application properties to identify any with a surplus balance.
- Establish written procedures on how to distribute surplus for cases that are not sold at auction.
- Establish written procedures on how to handle cases where the forfeited deposit exceeds the redemption amount (i.e., amount of taxes and fees owed by land owner to keep the property).
- Distribute the surplus identified above.

Auditee Response to Finding 1

Agree Disagree Partially Agree

The Clerk’s Office is performing periodic reviews and has initiated steps to distribute the surplus funds.

Finding 2 – Supplemental Testing of Undistributed Funds

In our supplemental testing of 3,924 tax deed applications to identify undistributed surplus funds, we identified 185 additional tax deed applications that had undistributed surpluses of \$50,955 that were past the date that any remaining surpluses should have been sent to the state. Below is a summary of the issues:

- 165 applications still had a total of \$17,581 in remaining surpluses due to the tax deed application costs not being refunded to the property owner after they had paid the taxes and fees owed to the Tax Collector’s Office, which included these costs. This was a result of the cases being redeemed after the tax deed applicant paid the cost statement to bring the property to sale but before the Clerk’s Office spent the funds. These funds were due to the owner since the owner paid these costs when paying off property taxes, and any unclaimed funds should have been sent to State.
- 6 properties still had a total of \$21,798 in surplus after the sales. The funds remained unclaimed after the surplus distribution process was completed and the balance should have been sent to the State.
- 13 properties still had a total of \$11,537 in surplus that resulted from forfeited deposits when a winning bidder failed to complete payment. These properties were later transferred to the tax deed applicant, or the ownership was not transferred since the taxes owed were paid by the property owner prior to any sale being completed. The surplus distribution process was not started for those properties since they were not classified as “sold” in the system.

- 1 property still had \$39 of surplus related to a Tax Collector refund that was a result of too much additional taxes being charged to the purchaser of a property from the lands available for taxes list.

Included within the 185 items noted above, we found 5 of the properties were not auctioned a third time even though there were bids at each of the first two auctions. The properties were either placed on the lands available for taxes list (1 instance) or transferred to the tax deed applicant (4 instances) after the Clerk's Office received bids for each of those properties at the second auction. This included one case where the tax deed applicant was the winning bidder at \$17,100 at the second auction. After the winning bidder (tax deed applicant) failed to complete payment, the tax deed applicant was then offered and purchased the property as the certificate holder for the cost of document stamps and recording fees. Considering this, the applicant effectively paid \$14,450 less than they would have paid based on the auction price they bid.

These situations create problems where tax deed applicants and the bidders could manipulate the process to get the property at a reduced cost compared to the public auction.

Recommendation to Finding 2

In addition to the recommendations to Finding 1, we recommend that the Clerk's Office perform the following:

- Establish written procedures on how to distribute surplus funds for cases that are not sold at auction.
- Perform periodic reviews of all tax deed applications to identify any application with a surplus balance similar to the process that we utilized.
- Distribute the surplus identified above.

Auditee Response to Finding 2

Agree Disagree Partially Agree

The Clerk's Office is performing periodic reviews and has initiated steps to distribute the surplus funds.

FOLLOW-UP ON AUDIT REPORT #685

We released audit report #685 of the Clerk's Office on August 12, 2010 for the period of October 1, 2007 through March 31, 2009. That audit included similar objectives to the ones above as well as these three additional objectives:

1. To determine whether the \$1.00/\$.50 and \$1.90 portions of the Recording Fees retained by the Clerk's Office within the PRMTF were properly spent in accordance with all applicable laws and regulations.
2. To determine whether the City was funding the Clerk's Office county-related expenses (recording, tax deeds and marriage licenses) in accordance with Article V of the State's Constitution.
3. To determine whether the Clerk's Office was in compliance with the MOU with the City that was signed on February 6, 2008.

This audit was followed up on during audit report #767 of the Clerk's Office on August 6, 2015, and again in the audit follow-up report #767A of the Clerk's Office on February 19, 2021. Due to the timing of performing an audit of the Clerk's Office once every five years, we had not performed another follow-up until now. At this time, all items have either been addressed by the Clerk's Office or are no longer applicable after a former Clerk of the Courts gave notice to terminate the memorandum of understanding (MOU) with the City on September 20, 2010 and the Clerk's Office implementation of a new system for tax deeds, which was the subject of this audit.

We appreciate the assistance and cooperation we received from the Clerk's Office throughout the course of this audit.

Respectfully submitted,

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