

State of Florida
Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(April – June 2018)



July 2018

PURPOSE OF REPORT

In accordance with Chapter 2017-70, Laws of Florida, line item 2329, please allow this report to serve as the Department of Financial Services (DFS) quarterly report to summarize the efforts made by our office to audit all court-related expenditures of the Clerks of the Circuit Court pursuant to sections 28.241 and 28.35, Florida Statutes (F.S.), during the quarter April 1, 2018 to June 30, 2018.

CHIEF FINANCIAL OFFICER'S AUTHORITY

Section 28.35(2)(e), F.S., provides that the DFS, Bureau of Auditing (Bureau), will conduct an audit of the Clerks of the Circuit Court (Clerk) by examining court-related expenditures. The Bureau will audit court-related expenditures of State funds to determine compliance with State law¹ and whether the expenditures were properly authorized, recorded, and supported.

AUDIT OBJECTIVES

The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether the Clerk used other funding sources (from the County or any of the 10% of fines from the Public Records Modernization Trust Fund) to subsidize the court-related budget and/or expenditures (for audit periods prior to July 1, 2017).
- 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 court-related expenditures were in compliance with sections 28.35(3)(a) and 28.37(5), F.S.
- Evaluate whether court-related expenditures were properly authorized, recorded, and supported.
- 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.

¹Sections 28.35(3)(a) and 28.37(5), Florida Statutes.

AUDIT FINDINGS

The Department completed two (2) audits during this quarter. Below is a summary of the observations and recommendations associated with these audits. The audit reports can be found on the DFS Website at: <http://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

ST. JOHNS COUNTY CLERK OF THE CIRCUIT COURT

On May 2, 2018, the Department released its report (Report 2018-25) for the St. Johns County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures totaling \$6,670 for software licensing, computer hardware, business cards, and membership dues that, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized as being a reasonable administrative support cost.

We recommend that the Clerk's office allocate as court-related expenditures only those costs authorized by Statute and that unallowable expenditures be reimbursed to the State.

2. The Clerk's office methodology for allocating payroll expenditures between court-related and non-court related functions was not based on a documented time-keeping methodology.

We recommend the Clerk's office establish a method for tracking employees' time and effort between court-related and non-court related activities to ensure accuracy in the budgeting process and the appropriation of State funds.

3. The Clerk's office established a separate fund entitled the Court Modernization Trust Fund to record revenues generated from the \$1.90 service charge and associated expenditures.

We recommend the Clerk's office adhere to the statutory guidelines for recording revenues and expenditures associated with the funding of court-related technology which require that both the \$1.90 service charge and the \$1.50 service charge be deposited into the Public Records Modernization Trust Fund.

FLAGLER COUNTY CLERK OF THE CIRCUIT COURT

On May 25, 2018, the Department released its report (Report 2018-26) for the Flagler County Clerk of the Circuit Court. The following observation and recommendation was noted:

1. The Clerk's office methodology for allocating payroll expenditures between court-related and non-court related functions was not based on a documented time-keeping methodology.

We recommend the Clerk's office establish a method for tracking employees' time and effort between court-related and non-court related activities to ensure accuracy in the budgeting process and the appropriation of State funds.

For more information on the above counties, see the completed reports at:
<http://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>

ACTIVITIES FOR THE REPORTING PERIOD

In addition to completing the St. Johns and Flagler County audits, the Department completed field work for Union, Columbia, and Calhoun Counties.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will finalize the reports for Union, Columbia, and Calhoun Counties.

The Department is planning to conduct audits for Hernando and Bradford Counties in the next quarter.