

State of Florida
Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(January – March 2018)



April 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 January 1, 2018 to March 31, 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 Modernization Trust Fund (TF)) 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) 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) and 28.37(5), Florida Statutes.

AUDIT FINDINGS

The Department completed four (4) 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. LUCIE COUNTY CLERK OF THE CIRCUIT COURT

On January 26, 2018, the Department released its report (Report 2017-17) for the St. Lucie County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures totaling \$6,744 for various promotional items and training expenditures 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 salary exceeded the salary requirements according to Chapter 145, F.S. and the Florida Legislature's Office of Economic and Demographic Research (EDR) by \$2,382 in CFY 14-15 and \$2,495 in CFY 15-16.

We recommend the Clerk's office adhere to the salary cap as stated in Section 145.051, F.S., and the EDR.

3. 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.

OKEECHOBEE COUNTY CLERK OF THE CIRCUIT COURT

On February 12, 2018, the Department released its report (Report 2018-22) for the Okeechobee County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures totaling \$2,770 for drinking water for employees, software licensing, and computer monitors 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 did not itemize pay increases on the budget form Tab I as required by the Clerk of Court Operations Corporation (CCOC) budget instructions.

We recommend the Clerk's office itemize any pay and benefit increases it anticipates giving to employees in the upcoming fiscal year to the CCOC as part of the budget submission documents submitted for approval in June of each year.

3. The cost center budgets that were submitted to the CCOC and the full-time equivalent (FTEs) allocated to the various cost centers had no relationship to the actual payroll costs and administrative expenditures being allocated to or recorded in these cost centers.

We recommend the Clerk's office implement methods for tracking the assignment and work efforts of its employees, and utilizing such information for determining proposed cost center budget amounts and FTE allocations.

LEVY COUNTY CLERK OF THE CIRCUIT COURT

On March 2, 2018, the Department released its report (Report 2018-24) for the Levy County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures for the storage of old case files that, contrary to statutory guidance, had been allocated as a court-related 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 pay rate of an employee of the Clerk's office did not agree to the pay rate as authorized in her personnel file.

We recommend the Clerk's office verify that employees' pay rates are calculated and consistent with the rate authorized in the personnel record.

4. 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

MIAMI-DADE CLERK OF THE CIRCUIT COURT

On March 6, 2018, the Department released its report (Report 2018-23) for the Miami-Dade County Clerk of the Circuit Court. The following observation and recommendation was noted:

The Clerk’s office incurred expenditures for a microwave oven, drinking water, and the rental of copy machines and printers 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.

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. Lucie, Okeechobee, Miami-Dade and Levy County audits, the Department completed field work for St. Johns and Flagler County.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will finalize the reports for St. Johns and Flagler Counties.

The Department is planning to conduct audits for Union, Columbia, and Calhoun Counties in the next quarter.