



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

April 19, 2017

The Honorable Rebecca Norris
Clerk of Circuit Court
Gulf County
1000 Cecil G. Costin, Sr. Boulevard
Port St. Joe, Florida 32456

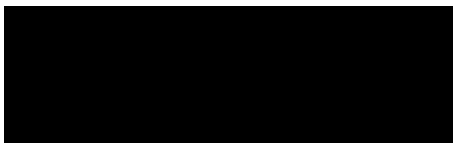
Dear Ms. Norris:

We completed our Article V Clerk of the Circuit Court Expenditure Compliance Review in accordance with Florida Statutes. Enclosed is a copy of our final report.

We appreciate your advanced preparation for our review and the courtesy extended to our team. We look forward to working with your office in the future.

Please contact Mark Merry at (850) 413-3074 or mark.merry@myfloridacfo.com if you have any questions.

Sincerely,



Christina Smith

CS/jh

Enclosure



**JEFF ATWATER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

**GULF COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE REVIEW**

**Report No. 2017-12
April 19, 2017**

SUMMARY

The Department of Financial Services has completed a review of the Gulf County Clerk of Circuit Court's Office pursuant to Section 28.35 2(e), Florida Statutes (F.S.). It is the practice of the Department of Financial Services to conduct these reviews for each Clerk of the Circuit Court every three years.

- The Gulf County Clerk of Circuit Court serves a population of 16,346.¹
- The auditors sampled administrative and payroll court-related expenditure accounts and transactions to determine if the Clerk's office was in compliance with Sections 28.35(3), 28.37(5), 28.24(12) and 29.008, F.S. The expenditure sample confirmed court-related expenditures were in compliance and funds were expended for allowable court-related costs.
- Overhead allocation methodologies could be improved.

BACKGROUND

In 1998, revisions to Article V, Section 14, of the Florida Constitution, specified portions of the state courts system and court-related functions that were to be funded from State revenues derived from statutory fines, fees, service charges, and court costs collected by the Clerks of Court. Prior to July 1, 2009, Clerks prepared budgets using a revenue-based model independent of the State appropriations process. Clerks collected fines, fees, service charges, and court costs to fund their approved budgets and remitted any excess revenues to the Department of Revenue for deposit into the Clerks of Court Trust Fund. The Florida Legislature passed Florida Laws Chapter 2009-61 and Chapter 2009-204, placing the Clerks' court-related budgets under the State appropriations process beginning July 1, 2009. The Florida Legislature appropriated the total amount for the Clerks' budgets in the General Appropriations Act (GAA).

The organization that governs the Clerks, the Clerks of Court Operations Corporation (CCOC), is responsible for developing the budgets and certifying a uniform system of performance measures for Clerks. Under the model enacted July 1, 2009, all fines, fees, service charges, and court costs, except as otherwise provided in Sections 28.241 and 34.041, F.S., were collected by the Clerks' offices and remitted to the Department of Revenue for deposit into the Clerks of the Court Trust Fund, in accordance with Section 28.37, F.S. Beginning July 2009, Section 28.245, F.S., required Clerks' collections of court-related fines, fees, service charges, and costs to be considered liabilities due to the State and were required to be remitted to the Clerks of Court Trust Fund by the 20th of the month immediately following the month in which the monies were collected.

¹ Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officer and School District Officials for Fiscal Year 2015-16, October 2015

Beginning July 2010, Section 28.245, F.S., required Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10th of the month immediately following the month in which the monies were collected. The Clerks were funded by the State appropriations process from July 1, 2009 through June 30, 2013.

In 2013, the Florida Legislature passed Florida Laws Chapter 2013-44, which returned the Clerks to the pre-2009 funding model and removed the Clerks from the State appropriations process. Beginning November 2013, the Clerks’ remit to the State the excess of 1/12 of their budget for the previous months’ collections. For those Clerks’ who collect fees less than their approved budgets, the shortage is disbursed from the State of Florida’s Clerk of the Court Trust Fund. In addition, the Department of Financial Services’ role was changed to providing audits of the Clerks’ court-related expenditures only.

SCOPE

The Article V compliance review of the Gulf County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 13-14, CFY 14-15, and CFY 15-16 for court-related expenditures. The review was conducted as an on-site review by the Article V section within the Bureau of Auditing.

OBJECTIVES & METHODOLOGY

EXPENDITURES

The auditors sampled various court-related expenditure accounts and transactions to determine if the Clerk’s office was in compliance with Sections 28.35(3), 28.37(2) and 28.24(12) (d) F.S. The results of the expenditure review confirmed that sampled court-related expenditures were in compliance with these Statutes.

The Clerk provided detailed information on expenditures necessary for the performance of court-related functions using the court-related codes in the Uniform Accounting System Manual (UASM). The auditors confirmed the accuracy of the expenditures listed on the Clerk’s General Ledger by reconciling and testing court related expenditures reported on the CCOC Clerks’ Expenditures and Collections Tracking Report for each fiscal year.

The table below reflects the budgeted and actual expenditures for each fiscal year reviewed.

Fiscal Year	Budgeted	Actual
CFY 13-14	\$434,025	\$417,407
CFY 14-15	\$440,373	\$440,373
CFY 15-16	\$424,347	\$423,624

The budgeted growth from October 2013 through September 2016 is -2.23 %.

The auditors confirmed certain court-related payroll expenditures were in compliance with Section 28.35(3), FS and budget guidelines established by the CCOC. The Clerk’s salary was within the salary requirements developed by the Office of Economic and Demographic Research.

The table below reflects the budgeted FTEs for each fiscal year reviewed. These cost allocations are the basis for the Clerk’s annual budget submitted to the CCOC and, ultimately, become the basis for State appropriations for court-related functions.

Fiscal Year	Total Court-Related FTEs	Total Non-Court FTEs	All FTEs	Cost Allocation Percentage
FY 13-14	8.58	7.42	16.00	53.63%
FY 14-15	9.53	8.47	18.00	52.94%
FY 15-16	9.60	8.40	18.00	53.33%

In addition to allocating the Clerk’s budget between court and non-court related functions, the cost allocation percentage includes the time for administrative overhead functions (i.e. personnel, general accounting, etc.). Due to the size of operations, all administrative functions are allocated directly and shared indirect overhead is not utilized.

OBSERVATIONS & RECOMMENDATIONS

The Clerk’s office indicated that it uses management estimates and assumptions based on the knowledge and specific duties for the allocation of FTE overhead between court and non-court related functions. Accounting estimates, however, should be based on an accumulation of relevant, sufficient, and reliable data and compared to subsequent actual data to determine the reliability of the estimate. The Clerk’s Office was unable to provide supporting documentation evidencing time and effort employees spent working on court related functions.

Without accurate time-keeping of court and non-court related functions, the Clerk has no assurance that the estimates used for budgeting purposes were accurate or need to be revised for the next budget cycle.

We recommend the clerk 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. The methodology should include a basis for concluding whether the budgetary estimates are accurate. The Clerk’s office might consider using a sampling method similar to the Title IV-D process that includes random moment sampling or a time study.



REBECCA L. NORRIS

Gulf County Clerk of Court & Comptroller

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April 25, 2017

Mr. Mark Merry, Chief
Bureau of Auditing
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0354

RE: Gulf County Article V Clerk of Circuit Court Compliance Review

Dear Mr. Merry,

Thank you for the opportunity to respond to your observations and recommendations and also for your staff's professionalism and courtesy during the recent audit of our court-related expenditures.

Gulf County's court related budget is prepared and approved annually by following the guidelines established by the Clerk of Court Operation Corporation (CCOC), Generally Accepted Accounting Principles (GAAP), applicable Florida Statutes and Florida Uniform Chart of Accounts. As administrative workload has increased so have internal controls and audit requirements to ensure accuracy and appropriate use of funding. Compliance with the above mentions guidelines mandates that reasonable estimates and assumptions be made in the allocation of overhead cost based on management's training and experience. We feel that our FTE allocation of direct and indirect cost is correct and accurately reflects materiality and reasonableness principles associated with GAAP.

Management has been diligent in their efforts to assure that overhead cost are appropriately allocated among FTE at all times based on the duties and responsibilities of each employee. The allocation methodology has been summarized and documented by year and included a process summary by date for actual monitoring activity during the year. Other methodologies, such as your recommendations, have been considered by management, but were determined to be less appropriate. Additionally, our office uses the sampling of a comparison group in the Title IV-D process due to the size of our operations. The acceptable use of a comparison group for federal compliance should further support the determination that further tracking employees' time and effort would be an ineffective and inefficient use of resources.

Again, thank you for your time and effort. If you have any further questions or would like any additional information, please do not hesitate to contact me.

Sincerely,


Rebecca L. Norris
Gulf County Clerk of Court & Comptroller