



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

September 25, 2017

The Honorable Gloria Hayward
Clerk of Circuit Court
Sumter County
215 East McCollum Avenue
Bushnell, Florida 33513

Dear Ms. Hayward:

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 Kim Holland at (850) 413-5700 or kim.holland@myfloridacfo.com if you have any questions.

Sincerely,

[Redacted Signature]
Mark Merry
MM/bl

Enclosure



**JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

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

**Report No. 2017-20
September 21, 2017**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Sumter County Clerk of Circuit Court's Office. The auditors sampled administrative and payroll court-related expenditure accounts and transactions to determine if the Clerk's office was in compliance with State laws¹. Specifically, we noted:

- The Clerk's office administrative and payroll expenditures were in compliance with Sections 28.35(3), 28.37(5), 28.24(12) and 29.008, Florida Statutes (F.S.) and funds were expended for allowable court-related costs with the exception of the nine (9) items noted in the Observations and Recommendations section.
- Internal controls and procedures could be improved.

BACKGROUND

In 2013, the Florida Legislature passed legislation that removed the Clerks of the Circuit Courts from the State appropriations process². The 2013 legislation requires that all court-related functions must be funded from filing fees, service charges, costs and fines retained by the Clerks. That portion of all fines, fees, service charges, and costs collected by the Clerks for the previous month that exceeds 1/12 of a Clerk's total budget must be remitted to the State. Those funds are deposited into the State of Florida's Clerk of the Court Trust Fund. For those Clerks who collect less than their approved budgets, the shortage is disbursed from the 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.

The organization that governs the Clerks, the Clerks of Court Operations Corporation (CCOC), was initially formed to review and certify proposed budgets from each Clerk. In 2017, the Florida Legislature passed new legislation³ giving the CCOC the duty of approving the proposed budgets submitted by the Clerks of the Court as required by State law⁴. The 2017 legislation provides that the CCOC must ensure that the total combined budgets of the Clerks of the Court do not exceed the total estimated revenues available for court-related expenditures as determined by the most recent Revenue Estimating Conference.

¹ Sections 28.35(3), 28.37(5), 28.24(12) and 29.008, Florida Statutes.

² Chapter 2013-44, Laws of Florida.

³ Chapter 2017-126, Laws of Florida.

⁴ Section 28.36, Florida Statutes.

The Chief Financial Officer has contracted with the CCOC to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law⁵. The audits are conducted by the DFS Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

SCOPE

The audit of the Sumter County Clerk of the Circuit Court's Office covered County Fiscal Years (CFY) 14-15, CFY 15-16, and CFY 16-17 (through March 31, 2017). The audit included both a desk review for analysis and sample selection and an on-site visit for review of supporting documentation.

OBJECTIVES & METHODOLOGIES

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

- Evaluate whether court related expenditures are in compliance with State laws⁶.
- Evaluate whether court-related expenditures are properly authorized, recorded, and supported.
- 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 Court Expenditures and Clerks' Trust Fund Collections Tracking Reports.
- Evaluate whether Clerk's salary and total payroll costs are within the applicable caps established by the Florida Legislative Committee on Intergovernmental Relations.
- Evaluate the Clerk's methodology for allocating payroll costs between court and non-court related functions.

Our audit included the examination of accounts and records and the sampling of various court-related transactions related to administrative and payroll expenditures.

The Table 1 reflects the budgeted and actual expenditures for each fiscal year reviewed.

Table 1

Year	Budgeted	Actual
CFY 14-15	\$1,495,543	\$1,495,543
CFY 15-16	\$1,117,841	\$1,117,841
CFY 16-17	\$1,577,448	\$825,466*

The Sumter County Clerk of Circuit Court serves a population of 115,657⁷.

*Actual through March 31, 2017

The budgeted growth from October 2014 through September 2017 is 5.48%.

⁵ Section 28.35(2)(e), Florida Statutes.

⁶ Sections 28.35(3), 28.37(5), 28.24(12) and 29.008, Florida Statutes.

⁷ Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officer and School District Officials for FY 2016-2017, September 2016.

Table 2 reflects the budgeted and actual full-time equivalent (FTE) positions who charge either all or a portion of their time to court-related duties. The budgeted number of FTEs includes vacant positions. The actual number of FTEs includes only filled positions.

Table 2		
Year	Budgeted FTEs	Actual FTEs
CFY 14-15	38.00	31.50
CFY 15-16	38.00	33.50
CFY 16-17	40.50	30.50

The budgeted FTE growth from October 2014 through September 2017 is 6.58%.

OBSERVATIONS AND RECOMMENDATIONS

Section 28.35(3) (a) F.S. outlines the list of court-related functions that clerks may fund from filing fees, service charges, costs, and fines and is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; payment of jurors and witnesses; payment of expenses for meals or lodging provided to jurors; data collection and reporting; processing of jurors; determinations of indigent status; and paying reasonable administrative support costs to enable the clerk of the court to carry out these court-related functions.

The list of court-related functions that clerks may not fund from filing fees, service charges, costs, and fines include:

- Those functions not specified within paragraph (a) above,
- Functions assigned by administrative orders which are not required for the clerk to perform the functions in paragraph (a) above,
- Enhanced levels of service which are not required for the clerk to perform the functions in paragraph (a) above, and
- Functions identified as local requirements in law or local optional programs.

For our audit of non-payroll administrative expenditures, the auditors performed data analytics and selected expenditures based on specific high risk attributes. Of the 7,317 total number of checks disbursed, we identified 25 sample items with these high risk attributes. Of the 25, we found nine (9) to be questionable as it relates to compliance with Statutes.

The Clerk's office was unable to provide documentation to show that nine (9) out of 25 administrative expenditures sampled were reasonable administrative support costs necessary to enable the Clerk's office to carry out its court-related functions in accordance with Statutes as outlined above. These items included:

For CFY 14-15:

- 1) An expenditure in the amount of \$1,562 that included 1,500 credit card holders with a magnifying glass, 1,500 jumbo calendar magnets, and 1,500 rectangular jar openers. The Clerk's office stated that these costs were for outreach to promote its services.
- 2) An expenditure in the amount of \$552 for individual size hand sanitizers which contains the Clerk's contact information. The Clerk's office stated that these costs were for outreach to promote its services.

- 3) An expenditure in the amount of \$178 of which \$.89 was allocated to the court for drinking water located in the breakroom of the court department. Upon further review of the general ledger detail for CFY 14-15, a total of \$2,141 was allocated for water.

For CFY 15-16:

- 4) An expenditure in the amount of \$1,250 for an advertisement of the Clerk's office printed in *The Almanac for Farmers & City Folk* publication. The Clerk's office stated that these costs were for outreach to promote its services.
- 5) An expenditure in the amount of \$438 for a full-page advertisement in the local newspaper promoting the Clerk's booth at the local fair. The Clerk's office stated that these costs were for outreach to promote its services.
- 6) An expenditure in the amount of \$1,538 for the purchase of 1,500 seat cushions. The Clerk's office stated that these costs were for outreach to promote its services.
- 7) An expenditure in the amount of \$279 of which \$1.39 was allocated to the court for drinking water located in the breakroom of the court department. Upon further review of the general ledger detail for CFY 15-16, a total of \$2,041 was allocated for water.

For CFY 16-17:

- 8) An expenditure in the amount of \$125 for an advertisement in the local newspaper for breast cancer awareness and domestic violence information. The Clerk's office stated that these costs were for outreach to promote its services.
- 9) An expenditure in the amount of \$117 of which \$.29 was allocated to the court for drinking water located in the breakroom of the court department. Upon further review of the general ledger detail for CFY 16-17, a total of \$1,135 was allocated for water.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S. We also recommend that the Clerk's office reimburse the State for any CFY 16-17 expenditures noted above paid from the Clerk of Court Trust Fund. (We noted there were no moneys received from the Trust Fund in CFY's 14-15 and CFY's 15-16).

Bank reconciliations should include documentation of the individual who prepared and approved the reconciliation as well as the date of each.

During our testing of the bank reconciliations, we noted the preparer and approver's name and date was not documented.

We recommend that bank reconciliations include the individual who prepared and reviewed them as well as documentation indicating the date prepared and reviewed.

We noted there is only one authorized signor on the bank signature card for the Clerk's operating account. When there is more than one authorized signer, this allows another individual to sign checks in the event the other individual is not available.

We recommend the Clerk's office include an additional authorized signor.

GLORIA R HAYWARD



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October 20, 2017

Mr. Jim Parker, CPA
Financial Administrator
Department of Financial Services
Bureau of Auditing
Tallahassee, Florida 32399

Re: Sumter County Article V Review of 13-14CFY, 14-15CFY, and 16-17CFY

Dear Mr. Parker:

I am in receipt of the observations and recommendations for the Sumter County Clerk of the Circuit Court for the county fiscal years of 14-15, 15-16 and a portion of the 16-17 (current year). It appears that the observations fit into two groups for promotional and operating supplies so I will respond to them as a group.

The first observation of six items were promotional expenses. Article V Revision 7 directed the Clerk of the Circuit Court to become the collection officer for the fines, cost, service fees and filing fees that were to fund the operation of the Clerk of Circuit Court. The Sumter County Clerk's office operates their own collection department. Over the years, we have used promotional items and advertisements to inform the community of the location of the courthouse and annex as well as the phone numbers of both locations. This is a part of the outreach to help with our collections of court assessments as required by 2004 changes in our budget due to Article V Revision 7. This promotional information has been helpful in assisting in our collections. We have mandatory collection rate reports and have always maintained good collection rates. I do believe that these expenses are acceptable for me to be in compliance. In addition, other revenue sources make up the total operating budget.

The second observation of three items were operating supplies. We have water coolers for employees in an effort to keep staff hydrated and healthy. We have lost 15 staff members due to budget cuts and any sick days cause a hardship on the office. As noted previously, other revenue sources make up the total operating budget and this is a very small amount annually.

The recommendation to reimburse the 16-17 CFY expenses for promotional or operating supplies to the state is a bit concerning as I feel they are valid expenses. However, I can transfer that expense to my admin/records budget for the current year. This would allow me to explore the justification for the promotional expenses to assist in my duties as collection agent for the court assessments.

The observation concerning bank reconciliations not having an individual preparer or approver with dates was not an issue that was discussed while onsite, other than I am responsible for the process. I maintain the cancelled checks and bank statement in a separate series of records from my monthly fund reports. I did not receive any inquiries other than a request to see the canceled checks and original bank statement.

The monthly fund reports contain a monthly bank statement, outstanding/canceled check report, debit/credit report and trial balance. These reports are used to reconcile the bank statements and balance my general ledger before end of month closing. Every report generated off the financial application (ADG) has a date, time and the user that generated the report. The monthly folders were made available for review. I did not receive a request to clarify the concern or I would have discussed my backup documentation. I can furnish copies of backup, if needed, to show the entire backup filed in the monthly fund folder.

The observation concerning only one signature on my bank accounts is correct. I have a secured check signer. It is rarely used and any transaction must be logged, if permission is given to use check writer. I will consider adding my Finance Director as an authorized signor, in an emergency.

We work extremely hard, with reduced staff, to comply with all the never-ending changes that go along with the budget process under Article V. I appreciate the work relationship with your staff, both on site and in getting this review processed in a timely manner.

Respectfully,

[Redacted Signature]

Gloria R Hayward
Clerk of the Circuit Court
Sumter County, Florida

