



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

March 11, 2019

The Honorable Stacie D. Harvey
Clerk of Circuit Court
Baker County
339 E. Macclenny Avenue, Suite 113
Macclenny, Florida 32063

Dear Ms. Harvey:

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

We appreciate your advanced preparation for our audit 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,

A black rectangular redaction box covering the signature of Mark Merry.

Mark Merry
MM/jp

Enclosure



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

Florida Department of Financial Services

**BAKER COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT**

**Report No. 2019-35
March 4, 2019**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Baker County Clerk of the Circuit Court.¹ The auditors sampled court-related administrative and payroll expenditure accounts and transactions to determine whether, in making such expenditures, the Clerk's office complied with applicable State laws.² The sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs. However, as further described in the Observations and Recommendations section, we noted:

- Allocation methodologies for administrative expenditures could be improved.
- Allocation methodologies for payroll expenditures could be improved.

BACKGROUND

In 2013, the Florida Legislature passed legislation that removed the Clerks of the Circuit Courts from the State appropriations process.³ 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 one-twelfth (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 Clerks of the Court Trust Fund. In addition, the DFS' role was changed to providing audits of only the Clerks' court-related expenditures.

The organization that governs the Clerks, the Florida 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 legislation⁴ giving the CCOC the duty of approving the proposed budgets submitted by the Clerks of the Circuit Courts as required by State law.⁵ The 2017 legislation provides that the CCOC must ensure that the total combined budgets of the Clerks of the Circuit Courts do not exceed the total estimated revenues available for court-related expenditures as determined by the most recent Revenue Estimating Conference.

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 28.37(5), Florida Statutes.

³Chapter 2013-44, Laws of Florida.

⁴Chapter 2017-126, Laws of Florida.

⁵Section 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 law.⁶ 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 Baker County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 16-17, and CFY 17-18. 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 were in compliance with State laws.⁷
- Evaluate whether court-related expenditures were 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 (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 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.

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

Table 1 shows the court-related budgeted and actual expenditures for each fiscal year reviewed. Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. CFY 16-17 includes juror expenditures through June 2017. CFY 17-18 does not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY 16-17	\$502,109	\$482,502
CFY 17-18	\$586,898	\$509,215

The Baker County Clerk of the Circuit Court serves a population of 26,965.⁸

The budgeted growth from October 2016 through September 2018 was 16.89%.

⁶Section 28.35(2)(e), Florida Statutes.

⁷Sections 28.35(3)(a) and 28.37(5), Florida Statutes.

⁸The Florida Legislature’s Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2017-2018, September 2017.

Table 2 reflects the budgeted and actual full-time equivalent (FTE) positions, who charge either all or a portion of employee 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 16-17	11.86	10.00
CFY 17-18	11.90	10.00

The budgeted FTEs increased by 0.34% for the period October 2016 through September 2018.

OBSERVATIONS AND RECOMMENDATIONS

The Department of Financial Services’ Uniform Accounting System Manual (UASM) outlines the uniform classification of accounts for units of local governments, and specifically, outlines the requirements for court-related account codes. These account codes are also used to prepare the annual Clerk of Court budget submitted to the CCOC.

During our testing of the Clerk’s administrative expenditures, we noted that 20 out of 20 expenditures sampled were charged to subaccount 604 - Clerk of Court Administration. The Clerk’s office does not use the UAS court-related expenditure code 608 for Jury Management; these expenditures are included in code 604 – Clerk of Court Administration. All expenditures are allocated to code 604 and are not allocated to the appropriate cost center as outlined in the Uniform Accounting System Manual.

We recommend the Clerk’s office record administrative expenditures in the general ledger using the expenditure account codes provided in the Uniform Accounting System Manual in a manner that properly allocates the expenditure to the cost center benefited.

During our testing of the Clerk’s payroll expenditures, we noted that the Clerk’s office does not use the UASM court-related expenditure code 608 for Jury Management and 713 Information Systems. Instead, they are included in code 604 Court Administration.

We recommend that the Clerk’s office adhere to the guidelines pursuant to the UAS codes for all transactions and reserve the 604-account code for Clerk’s office administrative payroll expenditures only.



**STACIE D. HARVEY
CLERK OF COURTS
BAKER COUNTY, FLORIDA**



March 8, 2019

Jimmy Patronis
Chief Financial Officer
Florida Department of Financial Services
Emailed: jim.parker@myfloridacfo.com

Dear Jimmy Patronis,

We are responding to the preliminary report for our compliance audit, Report No. 2019-36. After reviewing the auditor(s) recommendations of our administrative expenditures, we are in agreement with the findings and will make the following corrections.

- We have noted how to change our financial system to match the Uniform Accounting System Manual for Clerk of Court Administration charges and for Jury Management charges. We will set up this new system (account codes) at the beginning of the next fiscal year for less failure of errors.
- We have noted our payroll expenditures are not compliant with the Uniform Accounting System Manual for Jury Management and Information Systems. We will change these financial account codes at the beginning of the next fiscal year.
- Additionally, we have taken corrective action on our bank reconciliations by having the preparer sign the cover sheet of the reconciliation and have the Clerk of Court review the reconciliation and sign for approval.

We appreciate this opportunity to correct and adhere to your recommendations for this compliance audit and look forward to the next visit.

Respectfully,


Stacie D. Harvey
Clerk of Courts

cc: Cheryl Rewis