



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

October 30, 2018

The Honorable Ray Norman
Clerk of Circuit Court
Bradford County
945 North Temple Avenue
Starke, Florida 32091

Dear Mr. Norman:

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


Mark Merry
MM:jp

Enclosure

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Mark Merry • Assistant Director

Division of Accounting and Auditing

200 East Gaines Street • Tallahassee, Florida 32399-0353 • Tel. 850-413-5510 • Fax. 850-413-5553

Email • mark.merry@myfloridacfo.com

AFFIRMATIVE ACTION • EQUAL OPPORTUNITY EMPLOYER



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

Florida Department of Financial Services

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

**Report No. 2018-31
October 22, 2018**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Bradford 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:

- In one (1) instance, the expenditure had been improperly allocated as a court-related cost or was not authorized of record as being a reasonable administrative support cost.
- Administrative expenditure allocation methodologies should be consistent with their approved allocation percentages.
- 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 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

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.

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.

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 Bradford County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 15-16, CFY 16-17, and CFY 17-18 (through June 30, 2018). 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 and 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.

| Table 1 | | |
|------------------|-----------------|------------------------|
| Year | Budgeted | Actual |
| CFY 15-16 | \$502,238 | \$502,238 |
| CFY 16-17 | \$296,839 | \$296,839 |
| CFY 17-18 | \$619,855 | \$459,109 ⁸ |

The Bradford County Clerk of the Circuit Court serves a population of 27,440.⁹

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

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

⁸Actual through June 30, 2018.

⁹The 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.

The budgeted growth from October 2015 through September 2018 was 23.42%.

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 15-16 | 14.86 | 14.09 |
| CFY 16-17 | 13.65 | 15.17 |
| CFY 17-18 | 14.46 | 14.37 |

The budgeted FTEs decreased by -2.70% for the period October 2015 through September 2018.

OBSERVATIONS AND RECOMMENDATIONS

Section 28.35(3)(a), Florida Statutes (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 (before July 1, 2017); payment of expenses for meals or lodging provided to jurors (before July 1, 2017); data collection and reporting; processing of jurors (before July 1, 2017); 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 above,
- Functions assigned by administrative orders which are not required for the Clerk to perform the functions above,
- Enhanced levels of service which are not required for the Clerk to perform the functions above, and
- Functions identified as local requirements in law or local optional programs.

Section 29.008(1)(f)1, and 2, F.S, requires counties to fund the cost of communications services which include wireless communications, cellular telephones, all computer networks, systems and equipment, including computer hardware and software, modems, printers, wiring, network connections, and maintenance.

During our testing of the Clerk's office administrative expenditures, we noted three (3) instances in which the expenditure, contrary to statutory guidance, had been allocated as court costs, or were not authorized of record as a reasonable administrative support cost.

- In CFY 15-16, the Clerk's office purchased a telephone headset (used for both court and non-court) for \$230 for an employee whose time is shared between court and non-court, but did not allocate the expenditure to the court in a manner consistent with the employee's overhead allocation percentage.

- In CFY 16-17, the Clerk's office incurred an expenditure in the amount of \$39 for a late fee that was assessed to a purchasing credit card that is used for both court and non-court expenditures. This fee was allocated solely to the court when it should have been allocated between court and non-court based on the administrative allocation percentages that have been approved.
- In CFY 16-17, we noted an expenditure in the amount of \$389 for a time clock that is used by both court and non-court employees, but was allocated solely to the court.

We recommend the Clerk's office allocate as court-related expenditures only those costs considered reasonable administrative support costs to enable the Clerk's office to carry out its court-related functions.

Payroll time cards should have documentation to show the review and approval by a supervisor having direct contact with the employee. During our testing of payroll expenditures, we noted that the time cards included in our sample did not provide documentation of the individuals who prepared (summary totals) and approved the time cards. As a result, out of the 15 Clerk's payroll expenditures, we noted the following:

- One (1) employee who was not paid for .50 hours of overtime that was reflected on the time card.
- One (1) employee who was paid for .25 hours of overtime that was not reflected on the time card.

We recommend the Clerk's office verify employee time cards and pay rates to ensure employees are being paid the correct wages based on the hours worked. We also recommend documentation of the review and approval such as initials and dates.

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

During our testing of the bank reconciliations, we noted there was no documentation of the individuals who prepared and reviewed the reconciliations or of the date the reconciliations were prepared and reviewed.

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

The signature card related to the operating bank account should include more than one authorized signer. Having more than one authorized signer allows another individual to sign checks in the event the primary signer is not available.

We noted there is only one authorized signer on the bank signature card for the Clerk's operating account.

We recommend that the Clerk's office have a second person designated as having authority to sign checks in the Clerk's absence.

Ray Norman, Clerk of Courts

Bradford County

945 North Temple Avenue
P.O. Drawer B Starke, FL 32091
ray_norman@bradfordcountyfl.gov



904-966-6280
Fax: 904-966-6256
www.bradfordclerk.com

October 29, 2018

Mr. Jim Parker, CPA
Department of Financial Services
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399

Dear Mr. Parker:

This letter is to confirm that we have received the Bradford County Clerk of Court Compliance Report No. 2018-31, dated October 22, 2018, prepared by your department in accordance with Section 28.35 Florida Statutes. Below are our responses to your observations and recommendations.

Observation #1

In the Clerk's Office administrative expenditures, we noted three (3) instances in which the expenditure, contrary to statutory guidance, had been allocated as court costs, or were not authorized of record as a reasonable administrative support cost.

Response

The Clerk's Office will try to take greater care in allocating between court-related and non-court-related expenditures in the future.

Observation #2

Payroll time cards should have documentation to show the review and approval by a supervisor having direct contact with the employee. During our testing of payroll expenditures, we noted that the time cards included in our sample did not provide documentation of the individuals who prepared (summary totals) and approved the time cards. As a result, out of the 15 Clerk's payroll expenditures, we noted the following:

- One (1) employee who was not paid for .50 hours of overtime that was reflected on the time card.
- One (1) employee who was paid for .25 hours of overtime that was not reflected on the time card.

Response

The Clerk's Office will have the staff member totaling the hours on a time card initial and date the time cards. In addition, we will assign a second staff member to review the first staff member's work and verify by initialing and dating the card as a reviewer.

Observation #3

The signature card related to the operating bank account should include more than one authorized signer. Having more than one authorized signer allows another individual to sign checks in the event the primary signer is not available.

Response

The Clerk recognizes the importance of having a second signer on the operating bank account. Being a small county we are having difficulty determining who the signer should be so that we do not have a conflict of interest. Separation of duties is important and sometimes difficult to accomplish in a small office. We have discussed this with the IG auditor and our independent auditor trying to find the proper person. As soon as we are able to identify someone whose job does not conflict with this responsibility, we will appoint a second signer to the operating bank account.

Respectfully Submitted,

A black rectangular redaction box covering the signature of Ray Norrman.

Ray Norrman
Clerk of Courts
Bradford County, Florida