



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

July 30, 2018

The Honorable P. DeWitt Cason
Clerk of Circuit Court
Columbia County
173 Northeast Hernando Avenue
Lake City, Florida 32055

Dear Mr. Cason:

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,


Mark Merry

MM:jhf

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

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

**Report No. 2018-27
July 24, 2018**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Columbia 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 four (4) instances, the expenditures had been improperly allocated as court-related costs, or were not authorized of record as being a reasonable administrative support cost.
- Overhead allocation methodologies could improve.

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 Columbia County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 15-16, CFY 16-17, and CFY 17-18 (through March 31, 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.

Year	Budgeted	Actual
CFY 15-16	\$1,192,288	\$1,179,846
CFY 16-17	\$1,211,624	\$1,146,606
CFY 17-18	\$1,356,276	\$616,851 ⁸

The Columbia County Clerk of the Circuit Court serves a population of 68,566.⁹

The budgeted growth from October 2015 through September 2018 was 13.75%.

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

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

⁸Actual through March 31, 2018.

⁹Office 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. We could not verify the accuracy of the methodology for employees that performed both court-related and non-court related activities - see Observations and Recommendations section.

Year	Budgeted FTEs	Actual FTEs
CFY 15-16	28.10	26.54
CFY 16-17	25.56	21.96
CFY 17-18	25.63	24.46 ¹⁰

The budgeted FTEs decreased by -8.79% 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 four (4) instances in which the expenditure, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized of record as being a reasonable administrative support cost.

- 1) Although counties are required to fund the costs of communications services, we noted three (3) expenditures in CFY 17-18 totaling \$788 for the rental of a copy machine, toner for printers, and a drum unit for a printer that were improperly charged to the court-related cost centers.

¹⁰Actual through March 31, 2018.

Section 216.345, F.S., states that a State agency or the judicial branch may utilize State funds for paying dues for membership in a professional or other organization only when such membership is essential to the statutory duties and responsibilities of the State agency.

- 2) In CFY 16-17, the Clerk's office paid \$194 for the renewal of an Florida Institute of Certified Public Accountants (FICPA) membership for the Clerk Finance Director. The Clerk's office was unable to provide documentation to show that this membership was essential to the statutory duties and responsibilities of the position.

We recommend the Clerk's office only fund those expenditures that are in accordance with Florida Statutes. We also recommend the Clerk's office reimburse the Clerks of the Courts Trust Fund for the expenditures above for \$982.

The Clerk's office indicated it uses management estimates based on the job descriptions 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 for the time and effort employees spent working on court related functions.

Without accurate time-keeping of court and non-court related functions, the Clerk's office 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 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. 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 child support process that includes random moment sampling or a time study.

P. DeWitt Cason

Clerk of Circuit Court - Columbia County, Florida



August 3, 2018

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

Dear Mr. Parker:

This letter is to confirm that we have received the Columbia County Clerk of Court Compliance Audit Report 2018-27, dated July 24, 2018, prepared by your department in accordance with Section 28.35 Florida Statutes. We were pleased to see that the report noted that our administrative and payroll costs generally complied with applicable State laws and funds were expended for allowable court-related costs. Below are our responses to your observations and recommendations.

Observation 1

Although counties are required to fund the costs of communications services, we noted three (3) expenditures in CFY 17-18 totaling \$788 for the rental of a copy machine, toner for printers, and a drum unit for a printer that were improperly charged to the court-related cost centers.

Response

We respectfully disagree with this observation. F.S. 28.35(3)(a) allows for "paying reasonable administrative costs to enable the clerk of court to carry out these court-related functions." These devices are not part of a uniform statewide reporting system referenced in F.S. 29.008(1)(f)(2).

Observation 2

In CFY 16-17, the Clerk's office paid \$194 for the renewal of an FICPA membership for the Clerk Finance Director. The Clerk's office was unable to provide documentation to show that this membership was essential to the statutory duties and responsibilities of the position.

Response

We concur with this observation and will refrain from using state funds for memberships in the future.

Observation 3

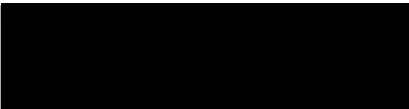
We recommend the Clerk office establish a method for tracking employees' time and effort between court-related and non-court related activities to ensure accuracy in the budgeting process and the appropriation of State funds. The methodology should include a basis for concluding whether the budgetary estimates are accurate. The Clerk's office might consider using a sampling method similar to the Title IV-D child support process that includes random moment sampling or a time study.

Response

We concur with this recommendation and will develop a method to track employees' time and effort between court-related and non-court related activities.

We enjoyed the challenges associated with this audit process and appreciate the professionalism of you and your staff.

Sincerely,

A solid black rectangular box redacting the signature of P. DeWitt Cason.

P. DeWitt Cason
Columbia County Clerk of Courts