



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

December 17, 2018

The Honorable Brent X. Thurmond
Clerk of Circuit Court
Wakulla County
3056 Crawfordville Highway
Crawfordville, Florida 32327

Dear Mr. Thurmond:

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/jp

Enclosure

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Mark Merry • Assistant Director

Division of Accounting and Auditing

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

Florida Department of Financial Services

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

**Report No. 2018-32
December 17, 2018**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Wakulla 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 nine (9) instances, the expenditures had been improperly allocated as court-related costs or were not authorized of record as being a reasonable administrative support cost.
- 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 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 Wakulla County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 16-17, and CFY 17-18 (through July 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, 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 16-17 | \$622,221 | \$588,808 |
| CFY 17-18 | \$587,638 | \$491,954 ⁸ |

The Wakulla County Clerk of the Circuit Court serves a population of 31,599.⁹

The budgeted growth from October 2016 through July 2018 was -5.56%.

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

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

⁸Actual through July 31, 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.

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 | 9.96 | 12.92 |
| CFY 17-18 | 10.03 | 10.78 ¹⁰ |

The budgeted FTEs increased by .70% for the period October 2016 through July 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 and payroll expenditures, we noted nine (9) instances in which the expenditure, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized of record as a reasonable administrative support cost.

- Although counties are required to fund the costs of communications services, we noted six (6) expenditures totaling \$2,818 that included a subscription to IBM Informix database software and support, two (2) HP LaserJet printers, a Cannon scanner, a desktop personal computer (PC), and a Lenovo tablet.
- In CFY 16-17, we noted two (2) expenditures in the amount of \$87 for the *PSV Nova X-Report* financial newsletter subscription. The Clerk's office was unable to provide documentation that

¹⁰Actual through July 31, 2018.

the expenditure was a reasonable administrative support cost or was essential to the statutory duties and responsibilities of the Clerk's office.

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.

- Section 29.008(1)(f)1, F.S., requires the county to fund the cost of communication services, including cellular telephones. During our testing of payroll court-related expenditures, we noted that a Clerk's office employee received \$16 every pay period as a cell phone stipend. The total expenditure for the sample period was \$760.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S.

Effective internal controls require that all purchases be supported by adequate documentation that will support the approval, receipt of goods and services, and costs related to a purchase.

- For 14 out of 20 administrative expenditures sampled, the Clerk's office was unable to provide documentation indicating verification and approval that the goods received matched the goods ordered. The total for these 14 items was \$6,577.

While we recognize the small size of the Clerk's office, we recommend the Clerk's office document that all goods ordered were authorized and that a separate individual verify and document that the goods ordered match the goods received.



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Brent X. Thurmond
Clerk of Circuit and County Courts
Wakulla County
3056 Crawfordville Hwy.
Crawfordville, FL 32327

December 17, 2018

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

Dear Mr. Parker:

Please accept this letter as confirmation we have received the Wakulla County Clerk of Court Compliance Audit Report No. 2018-32, dated November 26, 2018, prepared by your office in accordance with Section 28.35 Florida Statutes. As noted in your report, our court-related administrative and payroll expenditures generally complied with applicable State laws and were expended for allowable court-related costs. Additionally, your report noted several observations and recommendations and our responses may be found below.

Observation 1

Although counties are required to fund the costs of communication services, we noted six (6) expenditures totaling \$2,818 that included a subscription to IBM Informix database software and support, two (2) HP Laserjet printers, a Canon scanner, a desktop personal computer (PC), and a Lenovo tablet.

Response

First, F.S. 28.35(3)(a) allows for "paying reasonable administrative support costs to enable the clerk of court to carry out these court-related functions". None of these devices are part of a "uniform statewide reporting system" as referenced in F.S. 29.008(1)(f)(2). Second, these expenditures are the responsibility of Wakulla County not because they are not court-related costs but because they are costs associated with communication services. Wakulla County did, in fact, pay for these costs as they were funded by an internal fund transfer to the State Court Fund from the Clerk's Operating Fund (Board funded) in the amount of \$56,601.92 in CFY 16/17 and \$28,184.74 in CFY 17/18. Finally, as discussed in the telephone exit conference, we agree that the Clerk should use an accounting code for these County funded court-related communication expenditures that is consistent with the Florida Uniform Accounting System Manual.

Observation 2

In CFY 16/17, we noted two (2) expenditures in the amount of \$87 for the PSV Nova X-Report financial newsletter subscription. The Clerk's office was unable to provide documentation that the

expenditure was a reasonable administrative support cost or was essential to the statutory duties and responsibilities of the Clerk's office.

Response

First, we concur that a portion of these two (2) expenditures were improperly allocated to the State Court Fund and should have been fully allocated to the Finance & Accounting Department of the Clerk Operating Fund. Finally, as previously noted in Observation 1, these costs were not funded from filing fees, service charges, costs and fines but by the internal fund transfer made in CFY16/17 in the amount of \$56,601.92.

Observation 3

Section 29.008(1)(f)1, F.S. requires the county to fund the cost of communication services, including cellular telephones. During our testing of payroll court-related expenditures, we noted that a Clerk's office employee received \$16 every pay period as a cell phone stipend. The total expenditure for the sample period was \$760.

Response

First, Wakulla County did, in fact, pay for these costs as they were funded by an internal fund transfer to the State Court Fund from the Clerk's Operating Fund (Board funded) in the amount of \$56,601.92 in CFY 16/17 and \$28,184.74 in CFY 17/18. Finally, as discussed in the telephone exit conference, we agree that the Clerk should use an accounting code for these County funded court-related expenditures that is consistent with the Florida Uniform Accounting System Manual.

Observation 4

Effective internal controls require that all purchases be supported by adequate documentation that will support the approval, receipt of goods and services and the costs related to a purchase. For 14 out of 20 administrative expenditures sampled, the Clerk's office was unable to provide documentation indicating verification and approval that the goods received matched the goods ordered. The total for these 14 items was \$6,577.

Response

We concur that internal controls can always be improved. The Clerk's Office does have a process for verifying that the goods received matched the goods ordered. Clearly, this process is not always followed due to a variety of circumstances including goods being dropped off at the Bailiff's station by vendors so they don't have to go through security and employees who are part of the verification process being absent from time to time. Despite the small size of our staff and the difficulty in creating segregation of duties, the Clerk's office will modify the verification process to account for these circumstances.

We thank you for your report and assisting the Clerk's Office on improving its processes and procedures and we appreciate the professionalism of you and your staff.

Sincerely,



Brent X. Thurmond, CPA
Wakulla County Clerk of Courts