



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

December 11, 2019

The Honorable Angela Vick
Clerk of Circuit Court
Citrus County
110 North Apopka Avenue
Inverness, Florida 34450

Dear Ms. Vick:

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/jf

Enclosure



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

Florida Department of Financial Services

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

**Report No. 2019-48
December 9, 2019**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Citrus 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 six (6) 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.
- 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 Citrus County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 16-17, CFY 17-18, and CFY 18-19 (through June 30, 2019). 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 court-related actual expenditures includes juror expenditures through June 2017 and does not include juror expenditures for the months July through September. CFY 16-17 court-related budgeted expenditures includes juror expenditures for the whole year. CFY 17-18 and CFY 18-19 (through June 30, 2019) do not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY 16-17	\$2,262,812	\$2,135,370
CFY 17-18	\$2,111,017	\$2,111,017
CFY 18-19	\$2,191,658	\$1,886,596 ⁸

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

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

⁸ Actual through June 30,2019

The Citrus County Clerk of the Circuit Court serves a population of 143,801.⁹

The budgeted growth from October 2016 through September 2019 was -3.14%.

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	53.80	49.70
CFY 17-18	56.38	53.38
CFY 18-19	57.38	57.88

The budgeted FTEs increased by 6.65% for the period October 2016 through September 2019.

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.

During our testing of the Clerk's office administrative expenditures, we noted two (2) instances in which the expenditure, contrary to statutory guidance, had been allocated as a court cost, or was not authorized of record as a reasonable administrative support cost.

Section 29.008(1)(a), F.S., requires counties to fund the cost of facilities which include office space and appurtenant equipment and furnishings for the offices of the Clerks of the Circuit Court. In addition, section 29.008(1)(a)1, F.S., notes as of July 1, 2005, equipment and furnishings shall be limited to that appropriate and customary for courtrooms, hearing rooms, jury facilities, **and other public areas in courthouses and any other facility occupied by the courts**, state attorneys, public defenders, guardians ad litem, and criminal conflict and civil regional counsel.

⁹The Florida Legislature's Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2018-2019, September 2018.

- In CFY 16-17, we noted an expenditure in the amount of \$20 charged to the State for the removal of existing lettering and the addition of new lettering on the glass for the Injunctions Office. This lettering was used to display to the public the service provided within the location.
- In CFY 17-18, we noted an expenditure in the amount of \$679 charged to the State for the purchase of a room divider used to provide a quiet and private location for petitioners to complete injunction petitions.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 29.008, F.S.

Sections 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 payroll expenditures, we noted four (4) instances in which cell phone subsidies totaling \$100 had been allocated as court-related costs. Upon inquiry, the Clerk's office stated, "the cell phone subsidies are paid through payroll and initially charged to the court". They also stated, "at the end of the year the expenditure is eliminated since court expenditures are subsidized from non-court expenditures by an amount exceeding the cell phone subsidies' costs". The Clerk's office was unable to provide documentation for the adjustment(s) showing the reimbursement to the State for the cell phone subsidies; therefore, we were unable to validate the reimbursement of the expenditures.

We recommend the Clerk's office ensure that the cell phone subsidies are paid initially by the county in accordance with section 29.008, F.S. Alternatively, we recommend the Clerk's office itemize its reimbursements from the county in sufficient detail so that they can be traced back to the account where the expenditure initially incurred.

Section 112.061(11)(a)1, F.S., requires that travel to a conference or convention must have prior authorization and approval before the travel occurs. Additionally, the Clerk's Travel Policy and Procedure, Section 5.1, states that "to be eligible for reimbursement of expenses from the Clerk, a deputy clerk attending a routine, in state, budgeted professional conference or seminar shall have obtained the prior approval of his/her manager/director/chief/Clerk."

- In CFY 17-18 and CFY 18-19, we noted three (3) instances in which there were no travel authorization forms or other documentation indicating approvals prior to attendance at the conferences.

Without prior authorization for travel, there is the potential risk for errors or irregularities. We recommend the Clerk's office adhere to section 112.061, F.S., and its travel policy and procedure, which requires prior authorization for travel as described above. This can be in any form of as long as it contains the elements required by statute.

The Clerk's office indicated it uses management estimates based on the job descriptions and specific duties of FTEs for the allocation of overhead and administrative expenditures 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 allocation of employees' time or administrative expenditures between court and non-court related functions.

Without an accurate basis for allocating costs, the Clerk's office has no assurance that the estimates used for budgeting purposes are accurate or need to be revised for the next budget cycle.

We recommend the Clerk office establish a method for sampling 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 such as a time study, or guidance such as that found in Code of Federal Regulation (2 CFR 200), Appendix V.



ANGELA VICK

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CITRUS COUNTY, FLORIDA

Clerk of the Circuit and County Court
Recorder and Custodian of Official Records
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

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December 18, 2019

Mark Merry
Assistant Director
Division of Accounting & Auditing
Office of Chief Financial Officer Jimmy Patronis
Florida Department of Financial Services

RE: Citrus County Article V Clerk of the Circuit Court Expenditure Audit

Dear Mr. Merry,

I appreciate the opportunity to provide responses to the Observations and Recommendations contained in Audit Report 2019-48. With the exception of Recommendation 1, the Clerk concurs with the findings and procedures have been or will be implemented in accordance with Recommendations 2 – 4.

Recommendation 1: We recommend the Clerk's office ensure that its court-related expenditures are allowed according to Section 29.008, F.S.

Response: Florida Statute 29.008 provides that the County is required to pay for anything related to public facilities. In certain instances, there is a lack of funding for this provision of the law, however, the Clerk is compelled to abide by statute 741.30 (2)(C)(4). This law requires that the Clerk provide an area and environment that protects the petitioner's privacy to the extent practical while completing the forms for injunction for protection against domestic violence. To concur with the finding would infer the Clerk's subjugation of sworn responsibility to serve the citizens and comply with the laws of Florida. Therefore, I do not concur.

Recommendation 2: We recommend the Clerk's office ensure that the cell phone subsidies are paid initially by the county in accordance with section 29.008, F.S. Alternatively, we recommend the Clerk's office itemize its reimbursements from the county in sufficient detail so that they can be traced back to the account where the expenditure initially incurred.

Response: I concur with the finding.

Recommendation 3: We recommend the Clerk's office adhere to Section 112.061, F.S., and its travel policy and procedure, which requires prior authorization for travel as described above. This can be in any form of as long as it contains the elements required by statute.

Response: I concur with the finding.

Recommendation 4: We recommend the Clerk office establish a method for sampling 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 such as a time study, or guidance such as that found in Code of Federal Regulation (2 CFR 200), Appendix V.

Response: I concur with the finding.

Thank you again for the opportunity to respond and for the courtesy and professionalism of the representatives of your office who conducted the audit.

Sincerest regards,

A large black rectangular redaction box covers the signature of Angela Vick.

Angela Vick
Citrus County Clerk of the Circuit Court and Comptroller