



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

September 6, 2019

The Honorable Nicholas Thomas
Clerk of Circuit Court
Gadsden County
10 East Jefferson Street
Quincy, Florida 32351

Dear Mr. Thomas:

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
Assistant Director

MM/jp

Enclosure



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

Florida Department of Financial Services

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

**Report No. 2019-44
September 6, 2019**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Gadsden 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.
- Allocation methodologies for payroll and administrative 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.

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

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.

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

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 Gadsden County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 16-17, CFY 17-18, and CFY 18-19 (through March 31, 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 includes juror expenditures through June 2017. CFY 17-18 and CFY 18-19 (through March 31, 2019) do not include juror expenditures.

| Table 1 | | |
|-----------|-------------|------------------------|
| Year | Budgeted | Actual |
| CFY 16-17 | \$1,057,945 | \$1,042,751 |
| CFY 17-18 | \$1,020,599 | \$1,020,599 |
| CFY 18-19 | \$1,059,586 | \$519,759 ⁸ |

The Gadsden County Clerk of the Circuit Court serves a population of 48,263.⁹

The budgeted growth from October 2016 through September 2019 was 0.16%.

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

⁸Actual through March 31, 2019.

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.

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 | 25.08 | 17.96 |
| CFY 17-18 | 25.40 | 17.81 |
| CFY 18-19 | 26.20 | 18.06 ¹⁰ |

The budgeted FTEs increased by 4.47% for the period October 2016 through September 2019.

OBSERVATIONS AND RECOMMENDATIONS

Sections 29.008(1)(f)1, and 2, Florida Statutes (F.S.), requires counties to fund the cost of communications services which include wireless communications, cellular telephones, facsimile equipment, 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 one (1) instance 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.

- Although counties are required to fund the cost of communication services, we noted one (1) expenditure in CFY 16-17 totaling \$485 for the rental of a copy machine of which \$242 was allocated to the court.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to section 28.35(3)(a), F.S. We also recommend that the Clerk's office reimburse the State for \$242 for the expenditure noted above.

The Clerk's office indicated it uses management estimates based on the job descriptions and specific duties of full time equivalents (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.

¹⁰Actual through March 31, 2019.

Nicholas Thomas

Gadsden County, Florida

Clerk of the Circuit Court



Clerk of the County Court

Clerk to the Board of County Commissioners
County Recorder
County Auditor

September 13, 2019

Mark Merry
Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399

Dear Mr. Merry,

This letter is in response to your letter dated September 6, 2019, which included the finalized report of Gadsden County's Article V review. This report included your findings and recommendations for corrective action.

Finding Number 1:

We have reviewed Sections 28.35 (3)(a) and 29.008, F.S. and we will do our best to abide by the statute. We have already remitted the unallowable expenditures of \$242 to the State of Florida via the Clerk of Court Remittance site, see the attached confirmation.

Finding Number 2:

We have taken steps to document our allocation for payroll and administrative expenditures using time study diaries. This will be an ongoing process and will be reviewed periodically.

Sincerely,

Nicholas Thomas
Clerk of the Circuit Court

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Clerk of Court Remittance

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Detailed Navigation

- Collection Period
- Taxes
- Court Related I
- Court Related II
- Court Related III
- File & Pay

Session Key:: 19091327421 Period:: 10/1/2016 - 9/30/2017 [View PDF](#) [Switch Period](#)

Confirmation

Session #: 19091327421 Date: 9/13/2019
Payment Conf #: AXNN53X5Y9 Time: 10:42:16 AM

The remittance information and payment request shown below has been accepted. Before exiting, please print this page and retain for your record be available after you log off.

Tax, Fine & Fee Totals

| | Amount |
|--|----------|
| Repayment Local | \$0.00 |
| Interest Earned | \$0.00 |
| Administration Fee | \$0.00 |
| Filing Fees | \$242.00 |
| Medicaid Reimbursement SB1520 | \$0.00 |
| Child Support Fees | \$0.00 |
| Motor Vehicles & Vessels | \$0.00 |
| Natural Resources & Conservation | \$0.00 |
| Traffic Light Camera Fines | \$0.00 |
| Vital Statistics, Public Health, Tobacco | \$0.00 |
| Deceptive & Unfair Trade | \$0.00 |
| Domestic Relations | \$0.00 |
| Crimes & Criminal Procedure | \$0.00 |
| Additional Court Costs | \$0.00 |

 Row 3 of 16

TOTAL: \$242.00

GADSDEN COUNTY CLERK OF THE
THE HON NICHOLAS THOMASPay: Florida Department of Revenue
TWO HUNDRED FORTY-TWO AND ZERO/100 DOLLARS

I hereby authorize the Department of Revenue to process this ACH transaction and to debit the account identified below. I understand that there may be service charges assessed honored by my bank.

| Routing No. | Account No. | Account Nickname | Bank Name | Account Type | Primary |
|-------------|-------------|-------------------|-------------------|--------------|-------------------------------------|
| 063100688 | XXXXXX2901 | CAPITAL CITY BANK | CAPITAL CITY BANK | Checking | <input checked="" type="checkbox"/> |

Use other account for this remittance only: [Validate Routing Number](#)