



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

August 16, 2019

The Honorable Steve Land
Clerk of Circuit Court
Lafayette County
P.O. Box 88
Mayo, Florida 32066

Dear Mr. Land:

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 box redacting the signature of Mark Merry.

Mark Merry
Assistant Director

MM/jp

Enclosure



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

Florida Department of Financial Services

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

**Report No. 2019-43
August 16, 2019**

SUMMARY

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

- 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 Court Trust Fund. For those Clerks who collect less than their approved budgets, the shortage is disbursed from the Clerks of 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 DFS Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

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.

SCOPE

The audit of the Lafayette County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 16-17, CFY 17-18, and CFY 18-19 (through December 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. 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 December 31, 2018) do not include juror expenditures.

Year	Budgeted	Actual
CFY 16-17	\$277,875	\$248,269
CFY 17-18	\$269,575	\$260,685
CFY 18-19	\$279,534	\$146,006 ⁸

The Lafayette County Clerk of the Circuit Court serves a population of 8,479.⁹

The budgeted growth from October 2016 through September 2019 was .6%

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.

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

Year	Budgeted FTEs	Actual FTEs
CFY 16-17	4.42	4.11
CFY 17-18	4.30	4.22
CFY 18-19	4.27	4.18 ¹⁰

The budgeted FTEs decreased by -3.39% for the period October 2016 through September 2019.

OBSERVATIONS AND RECOMMENDATIONS

Internal Controls

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

For nine (9) 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 nine (9) items was \$6,817.

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

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 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 Lafayette County Personnel Rules and Regulations contains a section on travel reimbursement that states that "reimbursement documentation, allowable expenditures and maximum amount will be the same as provided in section 112.061, Florida Statutes (F.S.)." However, the policy states that a travel authorization is not required unless the total cost of the travel exceeds \$50.

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. This section also lists the required fields that must be included on the travel authorization form. Section 112.061(11)(b)1, F. S., states the Department of Financial Services shall furnish a uniform travel voucher form which shall be used by all state officers, employees, and authorized persons when submitting travel expense statements **for approval and payment**. Additionally, DFS Rule 69I-42.003(1), Forms, requires

¹⁰Actual through March 31, 2019.

signatures of both the traveler and the person authorizing the travel on the Travel Reimbursement Form.

- For CFY 17-18 and CFY 18-19, we noted four (4) instances in which there were no Travel Authorization forms with the required approval signatures prior to attendance at conferences. Additionally, three (3) of the travel reimbursement forms did not show evidence of approval.

Without prior authorization for travel, along with review and supervisory approval of actual travel expenditures, there is the potential risk for errors or irregularities. We also recommend the Clerk's office modify its procedures to require approval for all travel reimbursements.

Section 112.061(1)(m), F.S., defines Class C travel as "travel for short or day trips where the traveler is not away from his or her official headquarters overnight". Section 112.061(15), F. S., also states that "moneys appropriated from the State Treasury may not be used to pay per diem or subsistence related to Class C travel".

- For CFY 16-17 and CFY 17-18, we noted two (2) trips where the travelers attended a two-day conference but did not incur an overnight stay. One employee charged meals for both days totaling \$24, and another employee charged meals for both days totaling \$42 even though both conferences provided breakfast two days and lunch one day.

As stated above, we recommend the Clerk's office review all travel reimbursement forms carefully prior to payment to ensure all travel is in accordance with State law. We also recommend that the Clerk's office remind its employees that meals provided at a conference or convention must not be requested as part of the employees' reimbursement.



LAFAYETTE COUNTY

Clerk Of The Circuit Court
Steve Land

120 W Main St.
Post Office Box 88
Mayo, FL 32066
(386) 294-1600

August 26, 2019

Florida Department of Financial Services
Mark Merry
Assistant Director

Dear Mr. Merry,

The Clerk of Court and I have reviewed the report from the audit performed by the Department of Financial Services on July 9-10, 2019. We agree with the findings and will be making the changes necessary to comply with the recommendations. It was a pleasure working with you and your staff and we look forward to working together in the future.

Sincerely,

Keesha Fundora

Finance Director

Lafayette County Clerk of Court