



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

October 28, 2019

The Honorable Angelina Colonnese
Clerk of Circuit Court
Manatee County
Post Office Box 25400
Bradenton, Florida 34205

Dear Ms. Colonnese:

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
MM/jhf

Enclosure



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

Florida Department of Financial Services

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

**Report No. 2019-47
October 23, 2019**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Manatee 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 five (5) instances, expenditures totaling \$3,111 had been improperly allocated as court-related costs.
- 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 Manatee 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 includes juror expenditures through June 2017. CFY 17-18 and CFY 18-19 (through June 30, 2019) do not include juror expenditures.

Year	Budgeted	Actual
CFY 16-17	\$5,543,456	\$ 5,037,942
CFY 17-18	\$5,527,233	\$4,909,488
CFY 18-19	\$5,738,374	\$4,011,256 ⁸

The Manatee County Clerk of the Circuit Court serves a population of 368,782.⁹

The budgeted growth from October 2016 through September 2019 was .62%.

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

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

⁸Actual through June 30, 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	113.29	110.89
CFY 17-18	98.56	100.47
CFY 18-19	95.05	104.77 ¹⁰

The budgeted FTEs decreased by -16.10% 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.

Sections (ss.) 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 two (2) instances in which the cell phone allowance, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized of record as being a reasonable payroll support cost.

In CFY 17-18 and CFY 18-19, payroll expenditures for \$36 and \$15, respectively, for a cell allowance was noted. The total for the audit period was \$2,739.

We recommend that the Clerk's office allocate as court-related expenditures only those costs authorized by Statute.

¹⁰Actual through June 30, 2019.

During our testing of the Clerk's office administrative expenditures, we noted three (3) 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.

Although counties are required to fund the costs of communications services which includes copiers and printers, we noted in CFY 16-17 one (1) copier rental for \$152 was allocated to the State. In CFY 18-19 two (2) copier rentals totaling \$220 were allocated as State expenditures. These expenditures were for the base amount of the leases and not for any consumables related to copiers.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to ss. 28.35(3)(a) and 29.008, F.S.

The Clerk's office does not have a clear methodology for allocating payroll expenditures for employees performing overhead duties who work on both court and non-court-related functions. Their current allocation methodology is based on the FTE ratio of Clerk employees who worked solely on court-related functions to those that worked on both court and county-related functions. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort the overhead employees spent working on court-related vs. non-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 charging salaries to the State or used for budgeting purposes are accurate.

We recommend the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related activities to ensure the allocation of payroll and administrative expenditures reflects an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations 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.



Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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P.O. Box 25400, Bradenton, Florida 34206 - www.manateeclerk.com

November 1, 2019

Mark Merry
Assistant Director
Division of Accounting & Auditing
Office of Chief Financial Officer Jimmy Patronis
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0353

Re: Manatee County Article V Clerk of Court Compliance Audit

Dear Mr. Merry,

Our responses to the Observations and Recommendations in Audit Report 2019-47 are outlined below. We would like to thank your staff for the courtesy and professionalism extended to our staff during the course of this audit.

Observation 1:

During our testing of the Clerk’s office payroll expenditures, we noted two (2) instances in which the cell phone allowance, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized of record as being a reasonable payroll support cost.

In CFY 17-18 and CFY 18-19, payroll expenditures of \$36 and \$15, respectively, for a cell allowance was noted. The total for the audit period was \$2,739.

Recommendation 1:

We recommend that the Clerk’s office allocate as court-related expenditures only those costs authorized by Statute.

Response 1: We concur with this recommendation. These costs were not properly coded to a non-court expenditure account at the time of entry into our payroll system. We have updated our process to eliminate these questioned costs in the future.

Observation 2:

During our testing of the Clerk’s office administrative expenditures, we noted three (3) 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.

Although counties are required to fund the cost of communications services which includes copiers and printers, we noted in CFY 16-17 one (1) copier rental for \$152 was allocated to the State. In CFY 18-19 two (2) copier rentals totaling \$220 were allocated as State expenditures. These expenditures were for the base amount of the leases and not for any consumables related to copiers.

“Pride in Service with a Vision to the Future”

Clerk of the Circuit Court – Clerk of Board of County Commissioners – County Comptroller – Auditor and Recorder

Recommendation 2:

We recommend that the Clerk's office ensure that its court-related expenditures are allowable according to ss. 28.35(3)(a) and 29.008, F.S.

Response 2: We concur with this finding, although not without noting that "Copier" is not specifically included as a county responsibility in ss. 29.008, F.S. We do understand that the evolving nature of copier technology has elevated this device to now be identified as a communication device by your office and will no longer allow the rental charges for copiers to be charged against our court-related expenditures.

Observation 3:

The Clerk's office does not have a clear methodology for allocating payroll expenditures for employees performing overhead duties who work on both court and non-court-related functions. Their current allocation methodology is based on the FTE ratio of Clerk employees who worked solely on court-related functions to those that worked on both court and county-related functions. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort the overhead employees spent working on court-related vs. non-court-related functions.

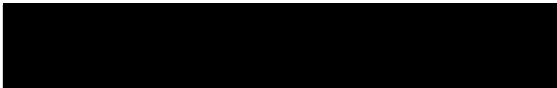
Recommendation 3:

We recommend that the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related activities to ensure the allocation of payroll and administrative expenditures reflects an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. The Clerk's office might consider using a sampling method such as a time study or guidance such as found in the Code of Federal Regulation (2 CFR 200), Appendix V.

Response 3: We take this recommendation under advisement and will review our methodology for the allocation of payroll expenditures for employees performing overhead duties.

Please contact Daniel Wolfson, Finance Director, at (941)741-4010 should you have any questions regarding these responses.

Sincerely,

A solid black rectangular box used to redact the signature of Angelina "Angel" Colonnese.

Angelina "Angel" Colonnese
Clerk of the Circuit Court and Comptroller