



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

March 16, 2020

The Honorable Armando Ramírez
Clerk of Circuit Court
Osceola County
2 Courthouse Square
Kissimmee, Florida 34741

Dear Mr. Ramírez,

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,

[Redacted Signature]

Mark Merry
MM/jhf

Enclosure



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

Florida Department of Financial Services

**OSCEOLA COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT
FINAL REPORT**

**Report No. 2020-52
March 17, 2020**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Osceola 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 court-related costs.
- 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 Osceola County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 17-18 and CFY 18-19. 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 17-18 and CFY 18-19 do not include juror expenditures.

Table 1		
Year	Budgeted	Actual
CFY 17-18	\$6,295,048	\$6,295,047
CFY 18-19	\$6,535,519	\$6,535,519

The Osceola County Clerk of the Circuit Court serves a population of 352,496.⁸

The budgeted growth from October 2017 through September 2019 was 3.82%.

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

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

⁸The Florida Legislature's Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2019-2020, September 2019.

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 17-18	125.03	116.29
CFY 18-19	113.37	125.84

The budgeted FTEs decreased by 9.33% for the period October 2017 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; data collection and reporting; 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.

County Funding

Section 29.008(1)(f)1., and 2., F.S., require 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 expenditures, we noted one (1) instance in which the expenditure, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized of record as being a reasonable administrative support cost.

Although counties are required to fund the cost of communication services which include software maintenance and printers, in CFY 17-18, we noted that one (1) firmware update for \$325 was allocated as a court-related expenditure.

We recommend that the Clerk's ensure that its court-related expenditures are allowable according to state law.

Receiving Report

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

During our testing of the Clerk's administrative expenditures, we noted two (2) instances in which the Clerk's office was unable to provide documentation indicating that the Clerk's office reconciled the goods received with goods ordered prior to payment. The total for these two (2) items was \$119.

Absent sufficient and appropriate monitoring, the Clerk's office has reduced assurance that they are paying for goods and services ordered. We recommend the Clerk's office have a separate individual verify and document that all goods and services received match the goods or services ordered.



ARMANDO RAMÍREZ
OSCEOLA COUNTY CLERK OF THE CIRCUIT COURT

2 Courthouse Square • Suite 2000 | Kissimmee, Florida 34741 | The United States of America

March 18, 2020

Florida Department of Financial Services
Jimmy Patronis, Chief Financial Officer
State of Florida
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399-0353

Report No. 2020-52

To Whom It May Concern:

We are in receipt of your Article V Audit Report dated January 6, 2020, addressed to Armando Ramírez, Osceola County Clerk of the Circuit Court, regarding findings for CFY 17-18 & CFY 18-19.

The following represents the findings at issue:

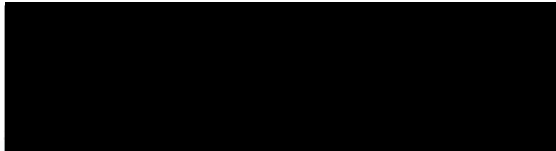
DFS Audit	
Fiscal Year Audit Report	Observations and Recommendations
CFY 2017-18	a) Compliance with FS 29.008(1)(F)1., and 2: Cost of communications: A firmware update for \$325 was allocated as a court-related expenditure
CFY 2018-19	b) Internal Controls and procedures: Documentation indicating the Clerk's Office reconciled the goods received with goods ordered prior to payment.
Verbal Recommendation	c) One expenditure totaling \$85 for title and registration fees for a Clerk vehicle of which \$51 was allocated to the court.

In response to the above, we submit the following explanation of action taken:

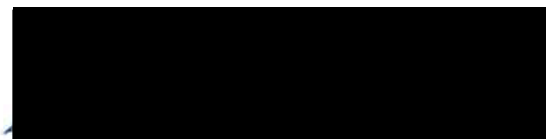
- a) **Cost of Communications** – The Clerk’s Office reviewed this expense. The Injunction Department was charged for this firmware update. We will review and update our policy to ensure any communications services are charged to the BOCC instead of court funds, including departments under a current Interlocal Agreement.
- b) **Internal Controls and Procedures** -The Finance Department has implemented a procedure ensuring items received are reviewed and signed for before delivery to the proper department. The receiving department will also verify and document that all goods and/or services received match the items ordered.
- c) **Vehicle Unallowable Expenditures** – The Clerk’s Office split the expense between court and non-court due to the vehicle being used for jail runs and other court side matters. We will review and update our policy so that any expenses incurred for County vehicles are charged to the BOCC including service, repairs, title/tags, and gas.

If you have any additional questions, please do not hesitate to contact us.

Respectfully Submitted,



Jennifer Soto
Chief Deputy & Comptroller



Gladymir Ortega
Comptroller