



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

March 5, 2020

The Honorable Annie Mae Murphy
Clerk of Circuit Court
Taylor County
Post Office Box 620
Perry, Florida 32348

Dear Ms. Murphy,

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 large black rectangular box redacting the signature of the Chief Financial Officer.

MM/et

Enclosure



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

Florida Department of Financial Services

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

**Report No. 2020-51
March 3, 2020**

SUMMARY

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

- Allocation methodologies for payroll expenditures could be improved.
- Internal controls and procedures could be improved.
- Segregation of duties 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 Taylor 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	\$478,629	\$478,067
CFY 18-19	\$496,913	\$496,874

The Taylor County Clerk of the Circuit Court serves a population of 22,283.⁸

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	10.55	9.60
CFY 18-19	10.40	9.83

The budgeted FTEs decreased by 1.42% 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.

Allocation Methodology

The Clerk's office does not have a clear methodology for allocating payroll expenditures for employees who work on both court and non-court-related functions. The Clerk's office indicated the use of estimated time and costs incurred on the behalf of the court, in relation to other cost centers. However, accounting estimates 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 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 charging salaries to the State or used for budgeting purposes are.

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

Internal Controls

Time Sheets

Effective internal controls require that all employees' time and attendance be properly documented, reviewed, and approved to provide a reasonable basis for making payroll compensation payments. The appropriate use of time and attendance records such as time sheets increases the likelihood that payroll will be accurate and fully supported.

During our testing of the payroll expenditures, we noted that non-exempt employees did not complete timesheets. The Clerk's office only required the employees to complete leave request forms for all leave incurred and all other time was considered as time worked. Absent sufficient documentation of actual hours worked and appropriate approvals, the Clerk's office has reduced assurance that it is compensating for actual hours worked and leave incurred.

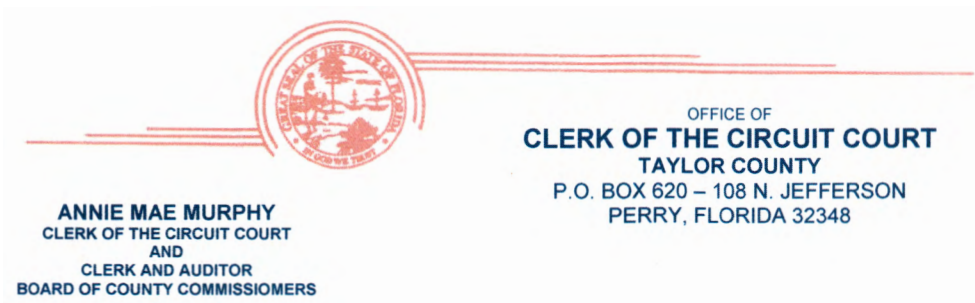
We recommend that the Clerk's office implement internal controls requiring time sheets that support the total number of hours worked each day by non-exempt employees. We also recommend that time sheets are signed by the employee and approved by a supervisor.

Payroll Authorizations

Effective internal controls over payroll require the segregation of duties over key payroll tasks, which minimizes the opportunity for an employee to misappropriate funds and avoid detection. Employees should not process or approve actions affecting their own pay.

During our testing of payroll expenditures, we noted that the Clerk's office has three (3) authorized signers, and each authorized signer signed his/her paycheck at least once during CFY 17-18 and CFY 18-19. There were a total of seven (7) instances where an authorized signer signed his/her paycheck.

We recommend the Clerk's office enhance their internal controls over payroll to include proper segregation of duties to prohibit authorized signers from signing their own paychecks.



March 12, 2020

Florida Department of Financial Services
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399-0353

To Whom it may Concern:

The Taylor County Clerk of Court has received the compliance audit report No. 2020-51. I have reviewed the report and noted the observation and recommendations.

The Clerk's office is currently reviewing time study methodologies for reporting employees time between court related and non-court related functions. The chosen method will be implemented to improve estimates used for charging salaries to the State.

The Clerk's office is already working to implement better internal controls recommended in the report. Time Clocks will be installed to track employees' actual time worked and generate time sheets for review and for documenting payroll. The Clerk's office has also changed its procedures to not allow an employee to sign their own paycheck, another authorized signer will be required to sign.

I feel the changes documented above will address the recommendations in the report.

Sincerely,



Annie Mae Murphy
Taylor County Clerk of Court