



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

April 15, 2021

The Honorable Clayton Rooks, III
Clerk of Circuit Court
Jackson County
4445 Lafayette Street
Marianna, Florida 32446

Dear Mr. Rooks,

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
MM/had

Enclosure



JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services

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

**Report No. 2021-63
April 9, 2021**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Jackson 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 two (2) instances, the expenditures had been improperly allocated as court-related costs.
- Financial reporting and recording could be improved.
- 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.

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 29.008, 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 Jackson County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 17-18, CFY 18-19, and CFY 19-20 (through June 30, 2020). The audit consisted of a desk review that included an analysis of sample selection with 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 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, CFY 18-19, and CFY 19-20 do not include juror expenditures.

Table 1

| Year | Budgeted | Actual |
|-----------|-------------|------------------------|
| CFY 17-18 | \$958,612 | \$828,938 |
| CFY 18-19 | \$995,231 | \$800,114 |
| CFY 19-20 | \$1,052,321 | \$589,735 ⁸ |

The Jackson County Clerk of the Circuit Court serves a population of 46,969.⁹

The budgeted growth from October 2017 through September 2020 was 9.78%.

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

⁷Sections 28.35(3)(a) and 29.008, Florida Statutes.

⁸Actual through June 30, 2020.

⁹The Florida Legislature’s Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2020-2021, September 2020.

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 | 19.70 | 19.25 |
| CFY 18-19 | 19.70 | 19.25 |
| CFY 19-20 | 19.70 | 19.70 |

The budgeted FTEs remain the same for the period October 2017 through June 2020.

OBSERVATIONS AND RECOMMENDATIONS

Section (s.) 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.

Financial Reporting and Recording

The Uniform Accounting System Manual Account Codes

Section 218.33, F.S., states that each local governmental entity shall follow uniform accounting practices and procedures as promulgated by rule of the department to assure the use of proper accounting and fiscal management by such units. Such rules shall include a uniform classification of accounts. The Department of Financial Services’ Uniform Accounting System Manual (UASM) outlines the uniform classification of accounts for units of local governments, and specifically outlines the requirements for court-related account codes. These account codes are also used to prepare the annual Clerk of Court budget submitted to the CCOC.

During our testing of the Clerk’s payroll and administrative expenditures, we noted that both court and non-court payroll and administrative expenditures are posted to the general ledger and identified by account titles. The Clerk’s office then prepares a monthly spreadsheet breaking the expenditures out to the account codes provided in the UASM.

We recommend the Clerk's office record payroll and administrative expenditures in the general ledger using the expenditure account codes provided in the UASM in a manner that properly allocates the expenditure to the cost center benefited at the time the expenditure is incurred.

Unallowable Expenditures

During our testing of the Clerk's office administrative expenditures, we note 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.

- While the marriage cost center is a non-court related function, in CFY 18-19, the Clerk's office purchased marriage license envelopes, allocating the total amount of \$336 to the State.

We recommend that the Clerk's office ensure that its court-related expenditures are allowable and reasonable according to s. 28.35(3)(a), F.S. We also recommend that the Clerk's office reimburse the Clerks of Courts Trust Fund in the amount of \$336.

County Funding

Sections 29.008(1)(f)1., and 2., F.S., require counties to fund the cost of communications services which include facsimile equipment, wireless communications, cellular telephones, all computer networks, systems, and equipment, including computer hardware and software, modems, printers, wiring, network connections, and maintenance.

- In CFY 19-20, the Clerk's office paid for labor to install a facsimile line and verification of lines for \$200, allocating the total amount to the State.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s. 29.008, F.S. We also recommend the Clerk's office reimburse the Clerks of the Court Trust Fund for the expenditures above totaling \$200.

Allocation Methodology

The allocation of FTEs between court and non-court functions, 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 does not have a clear methodology for allocating payroll and administrative expenditures for employees who work on both court and non-court-related functions. Their current allocation methodology is based on a review of number of cases and the time to complete the case/filing to calculate time spent. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort the shared employees spent working on court-related vs. 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 accurate or need to be revised for the next budget cycle.

As a best practice, 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.



Clayton O. Rooks, III

Clerk of the Circuit Court and Comptroller, Jackson County

Clerk of Courts • County Comptroller • Clerk of the Board of County Commissioners • Recorder • Auditor

April 21, 2021

Florida Department of Financial Services
Mark Merry
200 East Gaines Street
Tallahassee, Florida 32399-0353

To Whom It May Concern:

We are sending this letter as our response to the findings noted during the Article V Clerk of the Circuit Court Expenditure Compliance Audit dated April 9, 2021. The purpose of this audit was to determine whether the court-related expenditures were in accordance with applicable state laws.

We agree with the findings of the two non-court related expenditures being charged as a court-related cost. The total of these two expenditures was \$536 and will be reimbursed to Clerks of Court Trust Fund.

Concerning the finding of using the expenditure account codes provided in the UASM in a manner that properly allocates the expenditure to the cost center benefited we will review our current accounting system to develop a plan to properly record our allocated expenditures on our general ledger.

Concerning the finding of establishing a method for sampling employees' time and effort between court-related and non-court related functions we will take under advisement the recommendation of using a sampling method, time study, case file reporting or other guidance as appropriate for a cost benefit solution. We are currently using a hybrid approach, although we agree that our documentation could be updated.

We appreciate the professionalism exhibited by your staff during the engagement. Thank you for your attention to this matter and if additional information is needed please do not hesitate to call us at (850) 482-9552.

Sincerely,

Clayton O. Rooks, III C. P. A.
Jackson County Clerk of the Circuit Court