

**State of Florida**  
**Florida Department of Financial Services**

**Division of Accounting & Auditing**  
**Bureau of Auditing**

**Article V Quarterly Audit Report**  
**(April – June 2017)**



**July 2017**

## PURPOSE OF REPORT

In accordance with Chapter 2016-66, Laws of Florida, line item 2313, please allow this report to serve as the Department of Financial Services (DFS) quarterly report to summarize the efforts made by our office to audit all court related expenditures of the clerks of court pursuant to sections 28.241 and 28.35, F.S., during the quarter April 1, 2017 to June 30, 2017.

## CHIEF FINANCIAL OFFICER'S AUTHORITY

Section 17.03, Florida Statutes (F.S.), provides that the Chief Financial Officer, using generally accepted auditing procedures for testing or sampling, shall examine, audit and settle all accounts, claims and demands whatsoever, against the state, arising under any law or resolution of the Legislature, and issue a warrant directing the payment out of the State Treasury of such amount as he or she allows.

Section 28.35(2)(e), F.S., provides that DFS, Bureau of Auditing (Bureau), will conduct an audit of the Clerks of Court (Clerk) by examining court related expenditures. The Bureau will audit court related expenditures of State funds to determine compliance with Section 28.35(3) (a), F.S., and whether the expenditures were properly authorized, recorded, and supported.

## AUDIT OBJECTIVES

The following objectives have been established for the audit of court related expenditures:

- 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.
- Evaluate whether expenditures were within the budgeted appropriations.
- Evaluate the accuracy and completeness of expenditures reported on the Court Expenditures and Clerks' Trust Fund Collections Tracking Reports.
- Evaluate whether court related expenditures are in compliance with section 28.35(3) (a) and 28.37(2), F.S.
- Evaluate whether court-related expenditures are properly authorized, recorded, and supported.
- Evaluate whether Clerk's salary and total payroll costs are within the applicable caps established by the Florida Legislature's Office of Economic and Demographic Research.
- Evaluate whether court-related salary expenditures are properly authorized, recorded, and supported.

## AUDIT FINDINGS

The Department completed three (3) audits during this quarter. Below is a summary of the observations and recommendations associated with these audits. The audit reports can be found on the DFS Website at: <http://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

### GULF COUNTY CLERK OF COURT

On April 19, 2017, the Department released its report (Report 2017-12) on the audit conducted on the Gulf County Clerk of Court. Based upon its review of Gulf County, with the exception of the item mentioned below, DFS found the Clerk's budgeting practices and expenditure of State funds to be efficient and accurate.

The following observation and recommendation was noted in the Gulf County report:

The Clerk's Office indicated that it uses management estimates and assumptions based on the knowledge and specific duties for the allocation of FTE overhead between court and non-court related functions. Accounting estimates, however, 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 evidencing time and effort employees spent working on court related functions.

Without accurate time-keeping of court and non-court related functions, the Clerk has no assurance that the estimates used for budgeting purposes were accurate or need to be revised for the next budget cycle.

We recommend the clerk establish a method for tracking employees' time and effort between court related and non-court related activities to ensure accuracy in the budgeting process and the appropriation of State funds. The methodology should include a basis for concluding whether the budgetary estimates are accurate. The Clerk's office might consider using a sampling method similar to the Title IV-D process that includes random moment sampling or a time study.

### ALACHUA COUNTY CLERK OF COURT

On May 8, 2017, the Department released its report (Report 2017-13) on the audit conducted on the Alachua County Clerk of Court. Based upon its review of Alachua County, DFS found the Clerk's budgeting practices and expenditure of State funds to be efficient and accurate. There were no recommendations.

### INDIAN RIVER COUNTY CLERK OF COURT

On June 20, 2017, the Department released its report (Report 2017-14) on the audit conducted on the Indian River County Clerk of Court. Based upon its review of Indian River County, with the exception of the items mentioned below, DFS found the Clerk's budgeting practices and expenditure of State funds to be efficient and accurate.

The following observations and recommendations were noted in the Indian River County report:

Section 29.008(1)(f)1, F.S., requires the counties to fund the cost of communication services, including cellular telephones. During our testing of court-related expenditures, we noted an expenditure to AT&T for the cost of wireless service for the month of January 2016 for two cellular telephones totaling \$106.82. The Clerk’s office also purchased a cellphone case for \$90.93 with court related funds that should have been funded by the County.

We recommend the Clerk’s office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S. We also recommend that the Clerk’s office reimburse the State for any wireless services or other cell phone related expenditures paid from the Clerks of the Court Trust Fund for CFY15-16.

Section 216.345, F.S. states that a State agency or the judicial branch may utilize State funds for paying dues for membership in a professional or other organization only when such membership is essential to the statutory duties and responsibilities of the State agency.

We recommend the Clerk’s office document that expenditures for individual professional membership dues are essential to the statutory duties and responsibilities of the Clerk of Court.

#### **ACTIVITIES FOR THE REPORTING PERIOD**

In addition to completing the Gulf County, Alachua County, and Indian River County reviews, the Department completed field work for Lake, Martin, and St. Lucie Counties. Also, the draft report for DeSoto County is in its final stages.

#### **PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD**

The Department will finalize the reports for Lake, Martin, and St. Lucie Counties.

The Department is planning to conduct audits for Liberty, Sumter, Monroe, and Miami-Dade Counties in the next quarter.