

State of Florida
Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(April – June 2015)



July 2015

PURPOSE OF REPORT

In accordance with Chapter 2015-232, Laws of Florida, line item 2327, please allow this report to serve as the Department of Financial Services (DFS) first 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, 2015 to June 30, 2015.

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 the Department of Financial Services, 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 Legislative Committee on Intergovernmental Relations.
- Evaluate whether court-related salary expenditures are properly authorized, recorded, and supported.

AUDIT FINDINGS

The Department performed several planning and preparation activities during this quarter. There are no findings to report for this reporting period.

PRIOR AUDIT FINDINGS

During Fiscal Year 2013-2014, the DFS conducted five (5) audits of Clerks. Court-related expenditure audits were conducted of the following counties:

- Gadsden (Report 2014-01)
- Bay (Report 2014-02)
- Okaloosa (Report 2014-03)
- Jackson (Report 2014-04)
- Escambia (Report 2014-05)

The reports for each of these audits can be found on the DFS Website at:

<http://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

Based upon the review of these counties, DFS found the Clerks' budgeting practices and expenditure of State funds to be efficient and accurate. No significant deficiencies were identified; however, it was noted that the Gadsden County Clerk's Office reported unallowable expenditures of \$235.70 that were outside the scope of the state funding authority for fiscal year 2011-2012.

ACTIVITIES FOR THE REPORTING PERIOD

The Department has identified the make-up of the field audit team. The team of six will be responsible for all aspects of the audit including scheduling, conducting field work, and preparing written reports. The audit report should accurately reflect the scope, objectives, and methodology used during the expenditure audit. While recruitment of the permanent field team continues, the Department will temporarily utilize existing staff from within the Division of Accounting and Auditing to conduct the audits.

During this period, the Department also refined the audit process for court-related expenditure audits. This step included streamlining the audit objectives so that they were consistent with the current statutory requirements.

Contact between the Department and the Florida Clerks of Court Operations Corporation (CCOC) was made for purposes of requesting operational budget and expenditure collections reports. The team need to review the information in the reports and determine how best to utilize it for comparison purposes during the audit. CCOC is comprised of all Clerks of the Circuit Court and executive council whose members are elected by the Clerks, and includes designees from the Senate, House, Chief Justice of the Supreme Court, and Executive Office of the Governor. The CCOC is responsible for developing the budgets and certifying a uniform system of performance measures for

Clerks¹. Additionally, the CCOC is responsible for developing and conducting Clerk education programs.

The Department has been in contact with the Florida Association of Court Clerks and Comptrollers (Clerks' Association) with the goal of developing a communication plan for the upcoming audits. Effective communication with the Clerks will be essential to the timely completion of the audits. When the audit schedule is finalized, the Department will request the Clerks' Association to introduce the Department, its upcoming audits, and facilitate as needed with the individual Clerks.

Establishing the audit schedule for the next quarter was accomplished by reviewing the date of the last audit, current budget and expenditure data and identifying counties close to Tallahassee. Selecting and auditing counties in close proximity to Tallahassee will allow the Department to utilize existing resources while also continuing to recruit the permanent team. The estimated time to complete an audit is 10 - 15 days of fieldwork, with additional days to finalize work papers and draft report. At conclusion of these audits the Department will evaluate the fieldwork time in order to determine the makeup of the schedule for the remainder of the fiscal year.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will continue to request assistance from the Clerks' Association to provide communication to the individual Clerk's offices of the upcoming court-related expenditure audits that will be conducted.

The Department will contact the CCOC to request the Court Expenditures and Clerk's Trust Fund Collections Tracking Reports as well as information on the operational budgets for the individual Clerk's offices.

The Department will request an Entrance Conference for upcoming court-related expenditure audits of Jefferson, Walton, and Franklin counties.

¹Sections 28.35 and 28.36, Florida Statutes.