

State of Florida Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(January – March 2019)



April 2019

PURPOSE OF REPORT

In accordance with Chapter 2018-9, Laws of Florida, line item 2314, 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 the Circuit Court pursuant to sections 28.241 and 28.35, Florida Statutes (F.S.), during the quarter January 1, 2019 to March 31, 2019.

CHIEF FINANCIAL OFFICER'S AUTHORITY

Section 28.35(2)(e), F.S., provides that the DFS, Bureau of Auditing (Bureau), will conduct an audit of the Clerks of the Circuit Court (Clerk) by examining court-related expenditures. The Bureau will audit court-related expenditures of State funds to determine compliance with State law¹ 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 Public Records Modernization Trust Fund) to subsidize the court-related budget and/or expenditures (for audit periods 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 court-related expenditures were in compliance with sections 28.35(3)(a) and 28.37(5), F.S.
- Evaluate whether court-related expenditures were properly authorized, recorded, and supported.
- 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.

¹Sections 28.35(3)(a) and 28.37(5), Florida Statutes.

AUDIT FINDINGS

The Department completed four (4) 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>.

HILLSBOROUGH COUNTY CLERK OF THE CIRCUIT COURT

On March 6, 2019, the Department released its report (Report 2019-34) for the Hillsborough County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures totaling \$2,003 for a button making machine and armless stack chairs that had been allocated as court-related costs, or were not authorized as being a reasonable administrative support cost.

We recommend the Clerk's office allocate as court-related expenditures only those costs authorized by Statute.

2. The Clerk's office was unable to provide justification that hotel accommodations of \$252 per night and \$221 per night were the most economical choice for travel to attend an executive forum and a conference.

We recommend the Clerk's office adhere to Section 112.061, F. S. and its travel policy to ensure that transportation and lodging rates can be justified as the most economical choices.

3. The Clerk's office was unable to provide a reconciliation of Purchasing Card (P-Card) charges to the documentation supporting the charges.

We recommend the Clerk's office conduct a monthly reconciliation of the P-Card statements to the supporting documentation for each charge to ensure all charges are valid and authorized.

4. The Clerk's office allocates administrative expenditures to subaccount 604 – Clerk of Court Administration instead of allocating them to the benefitting cost center in the general ledger.

We recommend the Clerk's office record administrative expenditures in the general ledger using the expenditure account codes provided in the Uniform Accounting System Manual in a manner that properly allocates the expenditure to the cost center benefited.

5. The Clerk's office methodology for allocating payroll expenditures between court-related and non-court related functions was not based on a documented time-keeping methodology.

We recommend the Clerk's office 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.

BAKER COUNTY CLERK OF THE CIRCUIT COURT

On March 11, 2019, the Department released its report (Report 2019-35) for the Baker County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk’s office allocates administrative expenditures to subaccount 604 – Clerk of Court Administration instead of allocating them to the benefitting cost center in the general ledger.

We recommend the Clerk’s office record administrative expenditures in the general ledger using the expenditure account codes provided in the Department of Financial Services’ Uniform Accounting System Manual (UASM) in a manner that properly allocates the expenditure to the cost center benefited.

2. Payroll expenditure testing indicated the Clerk’s office does not use subaccount 608 - Jury Management and subaccount 713 - Information Systems. Instead, they are included in subaccount 604 – Clerk of Court Administration.

We recommend the Clerk’s office adhere to the guidelines for UAS codes for all transactions and reserve the 604 account code for Clerk’s office administrative payroll expenditures only.

LEE COUNTY CLERK OF THE CIRCUIT COURT

On March 18, 2019, the Department released its report (Report 2019-36) for the Lee County Clerk of the Circuit Court. The following observation and recommendation was noted:

1. The Clerk’s office methodology for allocating payroll expenditures between court-related and non-court related functions was not based on a documented time-keeping methodology.

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.

PINELLAS COUNTY CLERK OF THE CIRCUIT COURT

On March 19, 2019, the Department released its report (Report 2019-37) for the Pinellas County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk’s office incurred expenditures totaling \$19,113 for the following: the purchase of supplies for an in-house leadership retreat, computer software license, maintenance of a copier, and the transport of furniture from the Clerk’s Self Help Center to the county surplus warehouse. The expenditures, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized as being a reasonable administrative support cost.

We recommend the Clerk’s office allocate as court-related expenditures only those costs authorized by Statute.

2. The Clerk’s office incurred expenditures totaling \$1,211 for the following: a restitution payment that was initially sent to the wrong person, a reimbursement for towing costs to an individual wrongfully arrested, and another reimbursement for towing costs to an individual wrongfully arrested related to a license suspension.

We recommend the Clerk’s office ensure that adequate controls for cash handling, recording, and disbursements are in place and being followed to detect and to prevent these types of clerical errors.

For more information on the above counties, see the completed reports at:
<http://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>

ACTIVITIES FOR THE REPORTING PERIOD

In addition to completing the Hillsborough, Baker, Lee and Pinellas County audits, the Department completed field work for Gilchrist County.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will finalize the report for Gilchrist County.

The Department is planning to conduct audits for Duval, Sarasota, and Clay Counties in the next quarter.