

State of Florida
Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(January – March 2016)



April 2016

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) fourth 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 January 1, 2016 to March 31, 2016.

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 completed two (2) 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>.

FRANKLIN COUNTY CLERK OF COURT

On January 29, 2016, the Department released its report (Report 2016-03) on the audit conducted on the Franklin County Clerk of Court. Based upon its review of Franklin 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 observations and recommendations were noted in the Franklin County report:

The Clerk's Office indicated that it uses management estimates and assumptions based on experience 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 of the indirect employees working on court related functions. Consequently, we could not verify the indirect overhead of the FTEs. 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.

MADISON COUNTY CLERK OF COURT

On March 9, 2016, the Department released its report (Report 2016-04) on the audit conducted on the Madison County Clerk of Court. Based upon its review of Madison 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 observations and recommendations were noted in the Madison County report:

The Clerk's Office indicated that it uses management estimates and assumptions based on experience 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 of the indirect employees working on court related functions. Consequently, we could not verify the indirect overhead of the FTEs. 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.

ACTIVITIES FOR THE REPORTING PERIOD

The Bureau filled two (2) vacancies on the Article V team during the reporting period, and began the process of interviewing candidates for two (2) additional vacancies. When fully staffed, the Article V team includes six (6) employees.

In addition to completing the Franklin and Madison reviews, the Department completed field work for Hamilton and Marion Counties. The draft report for Hamilton County is in the final review stage, and the review for Marion County is nearly complete.

The Department still projects each audit to take between 20 and 30 days to complete as we continue to hire and train our team.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will complete the audits and finalize the reports for both Marion and Hamilton Counties.

The Department will also request entrance conferences and schedule fieldwork dates for Desoto and Collier Counties.