

State of Florida
Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(October – December 2018)



January 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 October 1, 2018 to December 31, 2018.

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>.

HERNANDO COUNTY CLERK OF THE CIRCUIT COURT

On October 25, 2018, the Department released its report (Report 2018-30) for the Hernando County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures totaling \$6,513 for the following: the purchase of a facsimile machine, an imprinted table cover, advertisements to promote the Spring Hill office, and cell phone stipends that, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized as being a reasonable administrative support cost.

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

2. The Clerk's salary exceeded the salary requirements according to Chapter 145, F.S. and the Florida Legislature's Office of Economic and Demographic Research (EDR) by \$229 in CFY 16-17.

We recommend the Clerk's office adhere to the salary cap as stated in Section 145.051, F.S., and the EDR.

BRADFORD COUNTY CLERK OF THE CIRCUIT COURT

On October 30, 2018, the Department released its report (Report 2018-31) for the Bradford County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office improperly allocated costs totaling \$658 for the following: the purchase of a telephone headset, a late fee for a credit card, and a time clock that, contrary to statutory guidance, had been allocated as court-related costs, or were not authorized as being a reasonable administrative support cost.

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

2. Payroll records indicated that there was discrepancy in what two (2) employees were paid compared to what was reported on their timecards. Also, there was no documentation of the individuals who approved the time cards.

We recommend the Clerk's office verify employee time cards and pay rates to ensure employees are being paid the correct wages based on the hours worked. We also recommend documentation of the review and approval such as initials and dates.

3. Bank reconciliations did not include documentation of the individuals who prepared and reviewed the reconciliation as well as the date of each.

We recommend bank reconciliations include the individuals who prepared and reviewed them as well as documentation indicating the date prepared and reviewed.

4. There was only one authorized signer on the signature card for the operating account. Having more than one authorized signer allows another individual to sign checks in the event the primary signer is not available.

We recommend the Clerk's office include an additional authorized signer.

NASSAU COUNTY CLERK OF THE CIRCUIT COURT

On December 4, 2018, the Department released its report (Report 2018-33) for the Nassau County Clerk of the Circuit Court. The following observation and recommendation was noted:

1. The Clerk's office incurred an expenditure for \$189 for window blinds that, contrary to statutory guidance, had been allocated as court-related costs, or was 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.

WAKULLA COUNTY CLERK OF THE CIRCUIT COURT

On December 17, 2018, the Department released its report (Report 2018-32) for the Wakulla County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures totaling \$3,665 for the following: a subscription for software and support, laser jet printers, a scanner, a personal computer, a tablet, financial newsletter subscription, and cell phone stipends that, 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 was unable to provide documentation indicating verification and approval that the goods received matched the goods ordered.

We recommend the Clerk's office document that all goods ordered were authorized and that a separate individual verify and document that the goods ordered matched the goods received.

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 Hernando, Bradford, Nassau and Wakulla County audits, the Department completed field work for Pinellas and Hillsborough Counties.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will finalize the reports for Pinellas and Hillsborough Counties.

The Department is planning to conduct audits for Lee, Baker, and Gilchrist Counties in the next quarter.