

State of Florida
Florida Department of Financial Services

Division of Accounting & Auditing
Bureau of Auditing

Article V Quarterly Audit Report
(October – December 2017)



January 2018

PURPOSE OF REPORT

In accordance with Chapter 2017-70, Laws of Florida, line item 2329, 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, 2017 to December 31, 2017.

CHIEF FINANCIAL OFFICER'S AUTHORITY

Section 17.03, 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 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 Modernization Trust Fund (TF)) 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) 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) 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>.

SUMTER COUNTY CLERK OF THE CIRCUIT COURT

On September 21, 2017, the Department released its report (Report 2017-20) for the Sumter County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures for various promotional items and drinking water for employees 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 and that unallowable expenditures be reimbursed to the State.

2. Bank reconciliations did not include documentation of the individual who prepared and approved the reconciliation as well as the date of each.

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

3. There was only one authorized signer on the signature card for the operating account. We recommend the Clerk's office include an additional authorized signer.

LIBERTY COUNTY CLERK OF THE CIRCUIT COURT

On October 5, 2017, the Department released its report (Report 2017-19) for the Liberty County Clerk of the Circuit Court. The following observations and recommendations were 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'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.

2. Bank reconciliations were prepared and approved by the same individual without evidence of an independent review.

We recommend a separate individual do a cross check of the bank reconciliations and bank statements.

3. Timesheets were not always approved by supervisors.

We recommend that all timesheets be approved and signed by a supervisor.

MARTIN COUNTY CLERK OF THE CIRCUIT COURT

On October 18, 2017, the Department released its report (Report 2017-18) for the Martin County Clerk of the Circuit Court. The following observation and recommendation was noted:

The Clerk's office incurred expenditures for seminar registration, drinking water for employees, cell phone minutes, and cell phone cases 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 and that unallowable expenditures be reimbursed to the State.

MONROE COUNTY CLERK OF THE CIRCUIT COURT

On December 26, 2017, the Department released its report (Report 2017-21) for the Monroe County Clerk of the Circuit Court. The following observations and recommendations were noted:

1. The Clerk's office incurred expenditures for cell phone service, network maintenance, and membership dues 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 and that unallowable expenditures be reimbursed to the State.

2. The Clerk's office awarded annual leave upfront to an employee which was contrary to the leave policy. In addition, the employee continued to accrue leave and was then paid out at their termination date resulting in an overpayment of \$7,606.

We recommend the Clerk's office obtain reimbursement from the employee for the overpayment and reimburse the Clerks of the Court Trust Fund for the overpayment. The Clerk should also review personnel records for other instances of upfront awards of leave and make the necessary adjustments to the leave balances.

3. The Clerk's office did not provide documentation related to the methodology for reconciling the Clerk of Court Operations Corporation (CCOC)s Expenditures and Collections Report to the general ledger.

We recommend the Clerk's office implement procedures to reconcile and support the balances in the CCOC Expenditure and Collections Report.

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 Sumter, Liberty, Martin and Monroe County audits, the Department completed field work for Miami-Dade County and completed desk reviews for Okeechobee and Levy County.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

The Department will finalize the reports for St. Lucie, Okeechobee, Levy, and Miami-Dade Counties.

The Department is planning to conduct audits for St. John, Flagler, Union, and Columbia Counties in the next quarter.