

**State of Florida**  
**Florida Department of Financial Services**

**Division of Accounting & Auditing**  
**Bureau of Auditing**

**Article V Quarterly Audit Report**  
**(October – December 2015)**



**January 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) third 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 October 1, 2015 to December 31, 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 completed one (1) audit during this quarter. Below is a summary of the observations and recommendations associated with this audit. The audit report can be found on the DFS Website at: <http://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

### WALTON COUNTY CLERK OF COURT

On December 1, 2015, the Department released its report (Report 2016-02) on the audit conducted on the Walton County Clerk of Court. Based upon its review of Walton 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 Walton 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 Department hired a financial administrator for the Article V team during the reporting period and began the process of interviewing candidates for two (2) other vacant positions within the team.

In addition to completing the Walton County review, the Department also started the planning for the Franklin County Clerk of Court.

The Department still projects each audit to take between 20 and 30 days to complete as we hire and train our team. At the conclusion of the next quarter's 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 complete its audit of the Franklin County Clerk's office.

The Department has already been in contact with Madison County to request items for their audit. We will also request an Entrance Conference for the upcoming court-related expenditure audit of Hamilton County.