



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

October 18, 2017

The Honorable Carolyn Timmann
Clerk of Circuit Court
Martin County
100 Southeast Ocean Boulevard
Stuart, Florida 34994

Dear Ms. Timmann:

We completed our Article V Clerk of the Circuit Court Expenditure Compliance Review in accordance with Florida Statutes. Enclosed is a copy of our final report.

We appreciate your advanced preparation for our review and the courtesy extended to our team. We look forward to working with your office in the future.

Please contact Kim Holland at (850) 413-5700 or kim.holland@myfloridacfo.com if you have any questions.

Sincerely,

[Redacted Signature]
Mark Merry
MM:jp

Enclosure



**JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

**MARTIN COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE REVIEW**

**Report No. 2017-18
October 18, 2017**

SUMMARY

The Department of Financial Services has completed a review of the Martin County Clerk of Circuit Court's Office pursuant to Section 28.35 2(e), Florida Statutes (F.S.). It is the practice of the Department of Financial Services to conduct these reviews for each Clerk of the Circuit Court every four to five years.

- The Martin County Clerk of Circuit Court serves a population of 148,585.¹
- The auditors confirmed that court-related expenditures were in compliance with Sections 28.35(3), 28.37(5), 28.24(12) and 29.008, F.S. with the exception of the four (4) items noted in the Observations and Recommendations section.

BACKGROUND

In 1998, revisions to Article V, Section 14, of the Florida Constitution, specified portions of the state courts system and court-related functions that were to be funded from State revenues derived from statutory fines, fees, service charges, and court costs collected by the Clerks of Court. Prior to July 1, 2009, Clerks prepared budgets using a revenue-based model independent of the State appropriations process. Clerks collected fines, fees, service charges, and court costs to fund their approved budgets and remitted any excess revenues to the Department of Revenue for deposit into the Clerks of Court Trust Fund. The Florida Legislature passed Florida Laws Chapter 2009-61 and Chapter 2009-204, placing the Clerks' court-related budgets under the State appropriations process beginning July 1, 2009. The Florida Legislature appropriated the total amount for the Clerks' budgets in the General Appropriations Act (GAA).

The organization that governs the Clerks, the Clerks of Court Operations Corporation (CCOC), is responsible for developing the budgets and certifying a uniform system of performance measures for Clerks. Under the model enacted July 1, 2009, all fines, fees, service charges, and court costs, except as otherwise provided in Sections 28.241 and 34.041, F.S., were collected by the Clerks' offices and remitted to the Department of Revenue for deposit into the Clerks of the Court Trust Fund, in accordance with Section 28.37, F.S. Beginning July 2009, Section 28.245, F.S., required Clerks' collections of court-related fines, fees, service charges, and costs to be considered liabilities due to the State and were required to be remitted to the Clerks of Court Trust Fund by the 20th of the month immediately following the month in which the monies were collected.

¹ Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officer and School District Officials for Fiscal Year 2015-16, October 2015

Beginning July 2010, Section 28.245, F.S., required Clerks to remit liabilities to the Clerks of Court Trust Fund by the 10th of the month immediately following the month in which the funds were collected. The Clerks were funded by the State appropriations process from July 1, 2009 through June 30, 2013.

In 2013, the Florida Legislature passed Florida Laws Chapter 2013-44, which returned the Clerks to the pre-2009 funding model and removed the Clerks from the State appropriations process. Beginning November 2013, the Clerks remit to the State the excess of 1/12 of their budget for the previous months' collections. For those Clerks who collect fees less than their approved budgets, the shortage is disbursed from the State of Florida's Clerk of the Court Trust Fund. In addition, the Department of Financial Services' role was changed to providing audits of the Clerks' court-related expenditures only.

SCOPE

The Article V compliance review of the Martin County Clerk of the Circuit Court's Office covered County Fiscal Years (CFY) 14-15, CFY 15-16, and CFY 16-17 (through March 31, 2017) for court-related expenditures. The review was conducted as an on-site review by the Article V section within the Bureau of Auditing.

OBJECTIVES & METHODOLOGY

EXPENDITURES

The auditors sampled various court-related administrative expenditures to determine if the Clerk's office was in compliance with Sections 28.35(3), 28.37(2) and 28.24(12)(d) F.S. The expenditure review confirmed court-related expenditures were in compliance with these Statutes with the exception of the four (4) items noted in the Observations and Recommendation section below.

The auditors also confirmed that certain court-related payroll expenditures were in compliance with Section 28.35(3), F.S. and budget guidelines established by the CCOC. The Clerk's salary was within the salary requirements developed by the Office of Economic and Demographic Research.

The Clerk provided detailed information on expenditures necessary for the performance of court-related functions using the court-related codes in the Uniform Accounting System Manual (UASM). The auditors confirmed the accuracy of the expenditures listed on the Clerk's General Ledger by reconciling and testing court-related expenditures reported on the CCOC Clerks' Expenditures and Collections Tracking Report for each fiscal year.

The table below reflects the budgeted and actual expenditures for each fiscal year reviewed.

| Fiscal Year | Budgeted | Actual |
|--------------------|-----------------|---------------|
| CFY 14-15 | \$3,373,685 | \$3,373,685 |
| CFY 15-16 | \$3,751,640 | \$3,216,137 |
| CFY 16-17 | \$3,321,328 | \$1,412,775* |

The budgeted growth from October 2014 through October 2017 is -1.55 %.

*Actual through March 31, 2017

The following table reflects the budgeted Full-time equivalents (FTEs) for each fiscal year reviewed. These cost allocations are the basis for the Clerk’s annual budget submitted to the CCOC and, ultimately, become the basis for State appropriations for court-related functions.

| Fiscal Year | Total Direct Court-Related FTEs | Allocated Court-Related FTEs | Total Court-Related FTEs | Total Court & Non-Court FTEs | Cost Allocation Percentage |
|-------------|---------------------------------|------------------------------|--------------------------|------------------------------|----------------------------|
| CFY 14-15 | 49.00 | 13.41 | 62.41 | 91.00 | 68.58% |
| CFY 15-16 | 47.00 | 17.71 | 64.71 | 94.30 | 68.63% |
| CFY 16-17 | 49.00 | 12.46 | 61.46 | 93.11 | 66.02% |

PERCENTAGES FOR BUDGET: FTE GROWTH AND ALLOCATION GROWTH

FTE Growth CFY 14-15 to CFY 16-17 -1.52%
 Cost Allocation Percentage Growth -3.74%

OBSERVATIONS & RECOMMENDATIONS

Section 28.35(3) (a) F.S., outlines the list of court-related functions that clerks may fund from filing fees, service charges, costs, and fines and is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; payment of jurors and witnesses; payment of expenses for meals or lodging provided to jurors; data collection and reporting; processing of jurors; determinations of indigent status; and paying reasonable administrative support costs to enable the clerk of the court to carry out these court-related functions.

The list of court-related functions that clerks may not fund from filing fees, service charges, costs, and fines include:

- Those functions not specified within paragraph (a) above,
- Functions assigned by administrative orders which are not required for the clerk to perform the functions in paragraph (a) above,
- Enhanced levels of service which are not required for the clerk to perform the functions in paragraph (a) above, and
- Functions identified as local requirements in law or local optional programs.

For our audit of non-payroll administrative expenditures, the auditors performed data analytics and selected expenditures based on specific high risk attributes. Of the 7,317 total checks written during the review period, we identified 25 with these high risk attributes. Of the 25, we found four (4) to be questionable as it relates to compliance with statutes.

The Clerk’s office was unable to provide documentation to show that four (4) out of 25 administrative expenditures sampled were reasonable administrative support costs necessary to enable the Clerk’s office to carry out its court-related functions in accordance with statutes as outlined above. These items included:

- 1) An expenditure in the amount of \$105 for three (3) seminar registrations to the First Amendment Foundation for three (3) non-court related employees and an expenditure in the amount of \$180 for two (2) records management seminars to the Florida Department of State for two (2) non-court related employees.

The Clerk's office stated the expenditures of \$105 and \$180 were incorrectly charged as court expenditures and should have been charged to fund 003 (non-court).

- 2) An expenditure in the amount of \$23 for drinking water in the administrative department breakroom. In CFY 14-15, the Clerk's office expenditures for drinking water totaled \$254.
- 3) Section 29.008(1)(f)1, F.S., requires the county to fund the cost of communication services, including cellular telephones. We noted an expenditure in the amount \$11 for the purchase of cell phone minutes from T-Mobile for use by a domestic relations department employee.
- 4) Section 29.008(1)(f)1, F.S., requires the county to fund the cost of communication services, including cellular telephones. We noted an expenditure in the amount \$81 for the purchase of cell phone cases.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S. We also recommend that the Clerk's office reimburse the State for the expenditures above totaling \$539, since the Clerk's office only received funds from the Clerks of Court Trust Fund in CFY 14-15.



MartinClerk.com

CAROLYN TIMMANN
Clerk of the Circuit Court & Comptroller
Martin County • Florida
P. O. BOX 9016 • STUART, FLORIDA 34995
(772) 288-5576

November 9, 2017

Mr. Jim Parker, CPA
Florida Department of Financial Services
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399-0353

Dear Mr. Parker:

Thank you for the opportunity to review and comment on the Article V audit performed by the Department of Financial Services. The auditing staff who were responsible for this audit of the office of the Martin County Clerk of the Circuit Court and Comptroller (the Clerk) were extremely professional. The Clerk's Office appreciated the in-depth review of our Article V reporting and cost allocations and welcome the essential feedback so we can ensure compliance with applicable statutes and accounting principles.

Per your request, the Article V Observations made by your office with the corresponding responses in italics from the Clerk's Office are provided below. Please let us know if you have further questions or need additional information or clarification.

OBSERVATIONS & RECOMMENDATIONS

Section 28.35(3) (a) F.S., outlines the list of court-related functions that clerks may fund from filing fees, service charges, costs, and fines and is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; payment of jurors and witnesses; payment of expenses for meals or lodging provided to jurors; data collection and reporting; processing of jurors; determinations of indigent status; and paying reasonable administrative support costs to enable the clerk of the court to carry out these court-related functions.

The list of court-related functions that clerks may not fund from filing fees, service charges, costs, and fines include:

- Those functions not specified within paragraph (a) above,
- Functions assigned by administrative orders which are not required for the clerk to perform the functions in paragraph (a) above,
- Enhanced levels of service which are not required for the clerk to perform the functions in paragraph (a) above, and
- Functions identified as local requirements in law or local optional programs.

For our audit of non-payroll administrative expenditures, the auditors performed data analytics and selected expenditures based on specific high risk attributes. Of the 7,317 total checks written during the

review period, we identified 25 with these high risk attributes. Of the 25, we found five (5) to be questionable as it relates to compliance with statutes.

The Clerk's office was unable to provide documentation to show that five (5) out of 25 administrative expenditures sampled were reasonable administrative support costs necessary to enable the Clerk's office to carry out its court-related functions in accordance with statutes as outlined above. These items included:

- 1) An expenditure in the amount of \$105 for three (3) seminar registrations to the First Amendment Foundation for three (3) non-court related employees and an expenditure in the amount of \$180 for two (2) records management seminars to the Florida Department of State for two (2) non-court related employees.

The Clerk's office stated the expenditures of \$105 and \$180 were incorrectly charged as court expenditures and should have been charged to fund 003 (non-court).

Martin County Clerk & Comptroller Response: *We agree with the findings regarding the First Amendment Foundation and Department of State seminars are non-court charges. We have implemented account coding controls to ensure that charges are correctly accounted for as court or non-court.*

- 2) An expenditure in the amount of \$23 for drinking water in the administrative department breakroom. In CFY 14-15, the Clerk's office expenditures for drinking water totaled \$254.

Martin County Clerk & Comptroller Response: *We agree that these costs are not necessary costs that enable the Clerk's office to carry out its court related functions in accordance with Section 28.35(3)(a). The appropriate steps have now been taken to reallocate these costs incurred in the prior year and to prospectively reallocate this cost to non-court functional areas.*

- 3) Section 29.008(1)(f)1, F.S., requires the county to fund the cost of communication services, including cellular telephones. We noted expenditure in the amount \$11 for the purchase of cell phone minutes from T-Mobile for use by a domestic relations department employee.

Martin County Clerk & Comptroller Response: *We agree that these costs are costs that are County-funded as specified in 29.008(1) (f)1, F.S.*

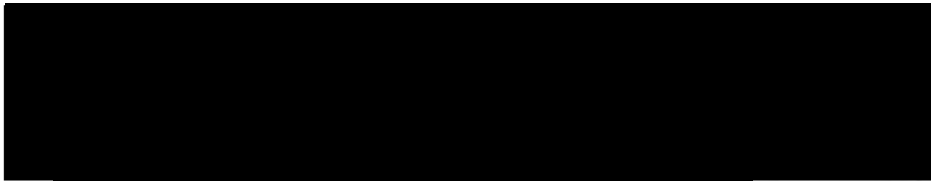
- 4) Section 29.008(1) (f) 1, F.S., requires the county to fund the cost of communication services, including cellular telephones. We noted expenditure in the amount \$81 for the purchase of cell phone cases.

Martin County Clerk & Comptroller Response: *We agree that these costs are costs that are County-funded as specified in 29.008(1) (f) 1, F.S.*

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S. We also recommend that the Clerk's office reimburse the State for the expenditures above totaling \$539, since the Clerk's Office only received funds from the Clerks of Court Trust Fund in CFY 14-15.

Martin County Clerk & Comptroller Response: *We are reviewing Section 28.35(3)(a), and Section 29.008(1)(f)1, F.S. to ensure that costs associated with court related activities are properly recorded. As stated above, we have instituted additional review of invoiced amounts processed for payment to ensure allowable court-related costs are properly recorded.*

Thank you, again, for the expertise of your professional auditing staff to help us identify areas of opportunity for improvement on behalf of Martin County and the State of Florida



Carolyn Timmann
Martin County Clerk of the Circuit Court & Comptroller