



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

January 19, 2022

The Honorable Nadia Daughtrey
Clerk of Circuit Court
Desoto County
115 East Oak Street, Room 101
Arcadia, FL 34266

Dear Ms. Daughtrey,

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

We appreciate your advanced preparation for our audit 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,

A large black rectangular redaction box covering the signature of the Chief Financial Officer.

KH/tw

Enclosure



JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services

**DESOTO COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT**

**Report No. 2021-78
January 19, 2022**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the DeSoto County Clerk of the Circuit Court.¹ The auditors sampled court-related administrative and payroll expenditure accounts and transactions to determine whether, in making such expenditures, the Clerk's office complied with applicable State laws.² The sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs. However, as further described in the Observations and Recommendations section, we noted:

- Financial reporting and recording could be improved.
- Allocation methodologies for administrative and payroll expenditures could be improved.

BACKGROUND

In 2013, the Florida Legislature passed legislation that removed the Clerks of the Circuit Courts from the State appropriations process.³ The 2013 legislation requires that all court-related functions must be funded from filing fees, service charges, costs and fines retained by the Clerks. That portion of all fines, fees, service charges, and costs collected by the Clerks for the previous month that exceeds one-twelfth (1/12) of a Clerk's total budget must be remitted to the State. Those funds are deposited into the State of Florida's Clerk of the Court Trust Fund. For those Clerks who collect less than their approved budgets, the shortage is disbursed from the Clerks of the Court Trust Fund. In addition, the DFS' role was changed to providing audits of only the Clerks' court-related expenditures.

The organization that governs the Clerks, the Florida Clerks of Court Operations Corporation (CCOC), was initially formed to review and certify proposed budgets from each Clerk. In 2017, the Florida Legislature passed new legislation⁴ giving the CCOC the duty of approving the proposed budgets submitted by the Clerks of the Circuit Courts as required by State law.⁵ The 2017 legislation provides that the CCOC must ensure that the total combined budgets of the

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 29.008, Florida Statutes.

³Chapter 2013-44, Laws of Florida.

⁴Chapter 2017-126, Laws of Florida.

⁵Section 28.36, Florida Statutes.

Clerks of the Circuit Courts do not exceed the total estimated revenues available for court-related expenditures as determined by the most recent Revenue Estimating Conference.

The Chief Financial Officer has contracted with the CCOC to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law.⁶ The audits are conducted by the DFS Bureau of Auditing, Article V section. It is the practice of the Department to conduct these audits every three to five years.

SCOPE

The audit of the DeSoto County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 18-19, CFY 19-20, and CFY 20-21 (through July 31, 2021). The audit consisted of a desk review that included an analysis of sample selection with supporting documentation.

OBJECTIVES & METHODOLOGIES

The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.⁷
- Evaluate whether court-related expenditures were properly authorized, recorded and supported.
- 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 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.

Our audit included an examination of accounts, records and the sampling of various court-related transactions related to administrative and payroll expenditures.

Table 1 shows the court-related budgeted and actual expenditures for each fiscal year reviewed.

Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. CFY 18-19, CFY 19-20 and CFY 20-21 do not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY18-19	\$ 727,070	\$ 726,998
CFY19-20	\$762,973	\$712,829
CFY20-21	\$ 762,973	\$618,471 ⁸

⁶Section 28.35(2)(e), Florida Statutes.

⁷Sections 28.35(3)(a) and 29.008, Florida Statutes.

⁸Actual through July; 31, 2021.

The DeSoto County Clerk of the Circuit Court serves a population of 37,082.⁹

The budgeted growth from October 2018 through September 2021 was -0.851%.

Table 2 reflects the budgeted and actual full-time equivalent (FTE) positions, who charge either all or a portion of employee time to court-related duties. The budgeted number of FTEs includes vacant positions. The actual number of FTEs includes only filled positions.

Table 2

Year	Budgeted FTEs	Actual FTEs
CFY1819	11.45	10.65
CFY1920	12.20	10.90
CFY2021	12.09	10.10

The budgeted FTEs increased by 5.29% for the period October 2018 through March 2021.

OBSERVATIONS AND RECOMMENDATIONS

Section 28.35(3)(a), Florida Statutes (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; data collection and reporting; 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 above,
- Functions assigned by administrative orders which are not required for the Clerk to perform the functions above,
- Enhanced levels of service which are not required for the Clerk to perform the functions above, and
- Functions identified as local requirements in law or local optional programs.

Financial Reporting and Recording

Uniform Accounting System

As noted in the 2015-16 audit report, the Department of Financial Services Rule 69I-51.0012, Florida Administrative Code (F.A.C.), outlines the uniform classification of accounts for units of local governments and specifically outlines the requirements for court-related account codes.

⁹The Florida Legislature's Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2021-2022, September 2021.

Although the Clerk's general ledger separates expenditures by court and non-court, the Clerk's office does not utilize the expenditure function codes that are commonly used in Clerk of Circuit Court operations according to the Uniform Accounting System Manual (UASM).

For example, the following expenditure function codes are typically used in all Clerk of Court offices: 604 – Clerk Court Admin, 608 – Jury Management, and 614 Circuit Criminal, etc. DeSoto County's Chart of Accounts only utilizes accounts 603.xxx and 604.xxx. Accounts that end in '0' and '1' are court related and accounts that end in '5' are non-court related.

Without using the same account codes for annual budgeting and to record actual expenditures, the Clerk's office cannot track budget to actual spending throughout the fiscal year or have an accurate basis for requesting the annual budget for the next year.

We recommend the Clerk's office track expenditures using the uniform classification of accounts as found in the Uniform Accounting System Manual.

Allocation Methodology

The allocation of FTEs between court and non-court functions, 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 does not have a clear methodology for allocating payroll and administrative expenditures for employees who work on both court and non-court-related functions. A time study was completed in 2017, however, the current allocation methodology is based on subjective and objective review of the workload. The Clerk's office was unable to provide supporting documentation for the allocations obtained from historical time tracking or for the management estimates determined by the Clerk.

Without an accurate basis for allocating costs, the Clerk's office has no assurance that the estimates used for charging salaries to the State or used for budgeting purposes are accurate or need to be revised for the next budget cycle.

As a best practice, we recommend the Clerk's office maintain documentation to support the allocation methodology used. We also recommend establishing a method for sampling employees' time and effort between court-related and non-court related functions to ensure the allocation of expenditures reflect an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. We also recommend that the allocation percentages used to charge expenditures to the State be based on the employee's FTE allocation.

Travel

Section 112.061(11)(a)1, F.S., requires that travel to a conference or convention must have prior authorization and approval before the travel occurs. In CFY 18-19, we noted an instance where prior authorization and the estimated costs to the State were not documented. Without prior authorization of travel and estimated cost to the State, there is the potential risk for non-compliant expenditures.

We recommend the Clerk's office adhere to Section 112.061, F.S., which requires prior authorization for travel as described above. Any authorization form may be used if it contains the elements required by State law. We also recommend the Clerk's office review all travel reimbursement forms carefully prior to payment to ensure all travel is in accordance with State law.



Nadia K. Daughtrey

DeSOTO COUNTY CLERK OF THE CIRCUIT COURT

115 EAST OAK STREET - ARCADIA, FLORIDA 34266
PHONE (863) 993-4876 / FAX (863) 993-4669

January 19, 2022

Jimmy Patronis, Chief Financial Officer
State of Florida
Florida Department of Financial Services

RE: DFS Auditor's Report No. 2021-78

To Whom It May Concern:

Regarding your recommendations from the DFS Auditor's Report No. 2021-78, please note the following responses:

Uniform Accounting System – The Clerk's Office recognizes the logic in conforming with the Uniform Accounting System Manual (UASM), however implementation of this change would require the purchase of bookkeeping software that is not fiscally possible at this time. Updated financial software will remain a priority and the situation will continue to be monitored for possible implementation in the future.

Allocation Methodology – Another time study will be conducted for the office, and the results will be retained for accessibility in the future.

Travel- The Clerk's Office has retained the appropriate approved travel authorization form. Going forward it will be utilized for all travel.

Respectfully submitted,

Nadia K. Daughtrey
DeSoto County Clerk of Courts