



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 9, 2017

The Honorable Stacy M. Butterfield
Clerk of Circuit Court
Polk County
225 N. Broadway
Bartow, FL 33830

Dear Ms. Butterfield:

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 Mark Merry at (850) 413-3074 or mark.merry@myfloridacfo.com if you have any questions.

Sincerely,

A solid black rectangular box redacting the signature of Christina Smith.

Christina Smith

CS/jf

Enclosure



**JEFF ATWATER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA**

Florida Department of Financial Services

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

**Report No. 2017-10
February 9, 2017**

SUMMARY

The Department of Financial Services has completed a review of the Polk 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 (Clerk) every three years.

- The Polk County Clerk of Circuit Court serves a population of 336,783.¹
- The audit team sampled administrative and payroll court-related expenditure accounts and transactions to determine if the Clerk's office was in compliance with Sections 28.35(3), 28.37(5), 28.24(12) and 29.008, F.S. The expenditure sample confirmed court-related expenditures were in compliance and funds were expended for allowable court-related costs with the exception of the one item noted in the Observations and Recommendations section.
- Budget reporting to the Clerk of Court Operations Corporation (CCOC) could be improved.

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. 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 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 monies 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 Polk County Clerk of the Circuit Court’s Office covered State Fiscal Year (SFY) 12-13, July through September 2013 transition period, County Fiscal Year (CFY) 13-14, and CFY 14-15 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 audit team sampled various court-related expenditure accounts and transactions 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 audit team confirmed that court-related expenditures were in compliance with these Statutes.

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 audit team 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.

	Budgeted	Actual
SFY 12-13	\$13,103,583	\$11,595,806
Transition Period July - Sept 13	\$ 3,277,430	\$2,951,949
CFY 13-14	\$13,104,188	\$12,318,538
CFY 14-15	\$12,145,224	\$12,145,224

The budgeted growth from July 2012 through Sept 2015 is -7.31 %.

The audit team confirmed 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 table below reflects the budgeted Full-time Employees (FTEs) for each fiscal year reviewed and the court-related allocation percentages applied for shared overhead.

Fiscal Year	Direct Court-Related FTEs	Indirect Overhead FTEs	Total Court-Related FTEs	Total Court & Non-Court FTEs	Cost Allocation Percentage
SFY 12-13	182.00	82.06	264.06	347.30	76.03%
CFY 13-14	182.00	81.56	263.56	346.80	76.00%
CFY 14-15	180.00	84.12	264.12	351.50	75.14%

The cost allocation percentages are applied to overhead costs budgeted to support court-related activities for all fiscal years. The allocation is based on the estimated percentage of time and case workload each overhead position spends performing court-related activities. 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.

OBSERVATIONS & RECOMMENDATIONS

Section 28.35(2)(f)7, F.S., requires the CCOC to identify and report any pay and benefit increases in the proposed clerk budget to the Legislative Budget Commission. The increases include, but are not limited to, cost of living increases, merit increases, and bonuses. The CCOC’s budget instructions, in turn, instruct the Clerks to include these salary components in their CCOC budget forms (Tab I) submitted in June of each year.

The Clerk’s Office awarded education incentives and merit bonuses to eligible employees during the review period. While the Clerk included these salary components on the CCOC personnel costs budget form as a part of total personnel costs, pay and benefits increases should be itemized on the budget form (Tab I) to distinguish between incentives, merit increases, and bonuses.

The budgetary aspects of not itemizing anticipated expenditures in the Clerk’s budget submission prevents the State from having a full understanding of the total costs needed to operate the Clerk’s office. In order to reflect those actual costs, we recommend that the Clerk’s office itemize any pay and benefit increases they anticipate giving to employees in the upcoming fiscal year to the CCOC as part of the budget submission documents submitted for approval in June of each year.



Stacy M. Butterfield

*Clerk of the Circuit Court & County Comptroller
Polk County, Florida*

Drawer CC-1
Post Office Box 9000
Bartow, FL 33831-9000

(863) 534-4544 Phone
(863) 534-4584 Fax

www.polkcountyclerk.net

February 17, 2017

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Christina Smith, Director
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, Florida 32399-0353

Dear Ms. Smith:

We appreciate the observations and recommendations in the report addressing the interpretation of the requirements for submitting budget requests as outlined in Section 28.35(2)(f)7, F.S., specifically related to pay and benefit increases and the interpretation of the statutory process.

The Polk County Clerk's Office provides a single education incentive payment, not a pay increase, to eligible employees who have obtained a degree from an accredited college. Higher education enhances the overall knowledge and skills of an individual and improves productive, efficient, and effective job performance while increasing the overall level of job satisfaction. This program as well as the performance premium program, in the respective years, was developed subsequent to the budget submission. The subsequent year budget submission did include a dollar amount for pay increases.

We will work with the CCOC to discuss the recommendations.
We appreciate the professionalism of the DFS staff who participated in the review both here in our office as well as offsite.

Sincerely,


Stacy M. Butterfield, CPA
Clerk of the Circuit Court
and County Comptroller

SMB/cwa

The Mission of the Office of Clerk of the Circuit Court is to function as a team dedicated to our customers by preparing and maintaining accurate records, furnishing assistance in an understanding and compassionate manner, and providing services with competence, professionalism, and courtesy in compliance with laws, rules and regulations.