



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

December 4, 2018

The Honorable John A. Crawford
Clerk of Circuit Court
Nassau County
76347 Veterans Way
Yulee, Florida 32097

Dear Mr. Crawford:

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 black rectangular redaction box covering the signature of Mark Merry.

MM:jp

Enclosure



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

Florida Department of Financial Services

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

**Report No. 2018-33
December 3, 2018**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Nassau 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:

- In one (1) instance, the expenditure had been improperly allocated as a court-related cost or was not authorized of record as being a reasonable administrative support cost.

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's 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 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

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 28.37(5), Florida Statutes.

³Chapter 2013-44, Laws of Florida.

⁴Chapter 2017-126, Laws of Florida.

⁵Section 28.36, Florida Statutes.

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

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 Nassau County Clerk of the Circuit Court’s Office covered County Fiscal Year (CFY) 16-17 and CFY 17-18 (through July 31, 2018). The audit included both a desk review for analysis and sample selection and an on-site visit for review of 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 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 (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 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 and 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.

Year	Budgeted	Actual
CFY 16-17	\$1,367,568	\$1,276,740
CFY 17-18	\$1,378,034	\$1,054,600 ⁸

The Nassau County Clerk of the Circuit Court serves a population of 77,841.⁹

The budgeted growth from October 2016 through September 2018 was -3.69%.

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.

⁷Sections 28.35(3)(a) and 28.37(5), Florida Statutes.

⁸Actual through July 31, 2018.

⁹The Florida Legislature’s Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2017-2018, September 2017.

Table 2

Year	Budgeted FTEs	Actual FTEs
CFY 16-17	33.46	27.71
CFY 17-18	28.57	26.04

The budgeted FTEs decreased by -14.61% for the period October 2016 through September 2018.

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; payment of jurors and witnesses (before July 1, 2017); payment of expenses for meals or lodging provided to jurors (before July 1, 2017); data collection and reporting; processing of jurors (before July 1, 2017); 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.

Section 29.008(1)(a) F.S, requires counties to fund the cost of facilities which includes reasonable and necessary buildings and office space and appurtenant, equipment and furnishings for the court-related functions of the office of the clerks of the circuit and county courts.

During our testing of the Clerk's office administrative expenditures, we noted one (1) instance in which the expenditure, contrary to statutory guidance, had been allocated as court costs or were not authorized of record as a reasonable administrative support cost.

- In CFY 17-18, the Clerk's office purchased window blinds for \$189 and allocated \$74 to the court. The window blinds were to provide privacy in the room behind the Human Resources Executive's office.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S.



JOHN A. CRAWFORD
Clerk of the Circuit Court and Comptroller
Ex-Officio Clerk to the Board of County Commissioners
Auditor, Recorder and Custodian of All County Funds
Nassau County



December 4, 2018

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

Dear Mr. Parker:

This letter is to confirm that we have received the Nassau County Clerk of Court Preliminary Compliance Report No. 2018-33, dated December 3, 2018, prepared by your department in accordance with Section 28.35 Florida Statutes. Below you will find our response to your observations and recommendations.

Observation #1

In CFY 17-18, the Clerk's office purchased window blinds for \$189 and allocated \$74 to the court. The window blinds were to provide privacy in the room behind the Human Resources Executive's office.

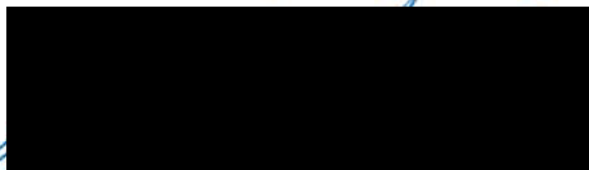
Response

During the exit interview, Management agreed with the field auditor's assessment. This expenditure should not be considered an allowable court cost and was corrected to eliminate the financial impact to the court related expenditures for CFY 17-18.

It was a pleasure working with your audit staff, Kathleen Stinson and Mary D'Souza. We appreciated their courtesy and professionalism.

Please contact my office if you require any further assistance.

Sincerely,



John A. Crawford
Nassau County Clerk of the Circuit Court and Comptroller