

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2018-076  
December 2017

**FLORIDA CLERKS OF COURT  
OPERATIONS CORPORATION**



Sherrill F. Norman, CPA  
Auditor General

## Florida Clerks of Court Operations Corporation

The Florida Clerks of Court Operations Corporation is created as a public corporation by Section 28.35, Florida Statutes. The Executive Council is composed of eight clerks of the court, with two clerks from counties with a population fewer than 100,000, two clerks from counties with a population of at least 100,000 but fewer than 500,000, two clerks from counties with a population of at least 500,000 but fewer than 1 million, and two clerks from counties with a population of 1 million or more. The Executive Council also includes a designee of the President of the Senate and a designee of the Speaker of the House of Representatives. An additional council member is designated by the Chief Justice of the Supreme Court to represent the State Courts System. During the period June 2015 through August 2016, John Dew served as the Executive Director and the following individuals served on the Florida Clerks of Court Operations Corporation Executive Council:

### Executive Council Members

Honorable Sharon R. Bock, Chair	Palm Beach County Clerk of Courts
Honorable Ken Burke, CPA, Vice Chair	Pinellas County Clerk of Courts
Honorable Stacy Butterfield, Secretary/Treasurer	Polk County Clerk of Courts
Honorable John Crawford	Nassau County Clerk of Courts
Honorable Bob Inzer	Leon County Clerk of Courts
Honorable Harvey Ruvlin	Miami-Dade County Clerk of Courts
Honorable Tim Sanders	Madison County Clerk of Courts
Honorable Jeffery Smith, CPA	Indian River County Clerk of Courts

### Other Designated Executive Council Members

Honorable Ronald Ficarrota Circuit Judge for the Thirteenth Judicial Circuit	Chief Justice Designee
Honorable Kyle Hudson Holmes County Clerk of Courts	Senate President Designee
Honorable Paula S. O'Neil, Ph.D. Pasco County Clerk of Courts	House Speaker Designee

The team leader was Hardee Ratliff, Jr., CPA, and the audit was supervised by Derek H. Noonan, CPA.

Please address inquiries regarding this report to Michael J. Gomez, CPA, Audit Manager, by e-mail at [mikegomez@aud.state.fl.us](mailto:mikegomez@aud.state.fl.us) or by telephone at (850) 412-2881.

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# FLORIDA CLERKS OF COURT OPERATIONS CORPORATION

## **SUMMARY**

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This operational audit of the Florida Clerks of Court Operations Corporation (CCOC) focused on selected CCOC processes and administrative activities and included a follow-up on findings in our report No. 2014-008. Our operational audit disclosed the following:

**Finding 1:** As similarly noted in our report No. 2014-008, despite CCOC efforts, the clerks of court did not always timely submit performance measure reports to the CCOC.

**Finding 2:** CCOC service contracting procedures could be improved.

**Finding 3:** The CCOC did not timely submit the required public deposit information report to the State Chief Financial Officer.

**Finding 4:** The CCOC did not comply with State law by contracting with the Department of Financial Services (DFS) to audit the court-related expenditures of individual clerks. While the lack of the statutorily required contract did not prevent the DFS from conducting certain audits, a contract, signed by both parties, would establish an understanding between the CCOC and the DFS regarding which and how many clerks will be audited each year; the scope and methodology of the audits, including appropriate follow-up on prior audit findings; and the time frames for completing the audits.

## **BACKGROUND**

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Pursuant to State law,<sup>1</sup> the Florida Clerks of Court Operations Corporation (CCOC) was created as a public corporation organized to perform specified functions. All clerks of the circuit court (clerks) are members of the corporation and hold their positions and authority in an ex officio capacity. The Executive Council of the CCOC is composed of eight clerks elected by the members for a term of 2 years with two clerks from each of four designated county population ranges, and two council members designated as ex officio members, including a designee of the President of the Senate and a designee of the Speaker of the House of Representatives. Also, the Chief Justice of the Supreme Court designated an additional member to represent the State Courts System.

State law<sup>2</sup> prescribes the CCOC duties, which include:

- Adopting a plan of operation.
- Conducting the election of the Executive Council.
- Recommending to the Legislature changes in the amounts of the various court-related fines, fees, service charges, and costs established by law to ensure reasonable and adequate funding of the clerks in the performance of their court-related functions.
- Developing and certifying a uniform system of workload measures and applicable workload standards for court-related functions and clerk workload performance in meeting the workload performance standards. The CCOC must develop the workload measures and workload

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<sup>1</sup> Sections 28.35 and 28.36, Florida Statutes.

<sup>2</sup> Section 28.35(2), Florida Statutes (2016).

performance standards in consultation with the Legislature, notify the Legislature of any clerk not meeting the workload performance standards, and provide the Legislature a copy of any corrective action plans.

- Contracting with the Department of Financial Services (DFS) for the DFS to audit the court-related expenditures of individual clerks.
- Reviewing, certifying, and recommending proposed budgets submitted by clerks pursuant to State law.<sup>3</sup> As part of this process, the CCOC is required, among other things, to:
  - Calculate the minimum amount of revenue necessary for each clerk to efficiently perform the list of court-related functions specified in State law.<sup>4</sup>
  - Prepare a cost comparison of similarly situated clerks of the court, based on county population and numbers of filings, using the standard list of court-related functions.
  - Identify those clerks projected to have court-related revenues insufficient to fund court-related expenditures.
  - Provide detailed explanation for increases in anticipated expenditures in any clerk budget that exceeds the current budget by more than 3 percent.
  - Identify and report the budget of any clerk which exceeds the average budget of similarly situated clerks by more than 10 percent.
- Developing and conducting clerk education programs.
- Submitting to the Legislative Budget Commission the CCOC proposed budget, as well as the proposed budgets for each clerk.<sup>5</sup>

Pursuant to State law,<sup>6</sup> the CCOC entered into a contract with the State Chief Financial Officer (CFO) whereby funds are made available to the CCOC for the performance of its duties and responsibilities as set forth in State law. The funding source for the contract are fees collected by the clerks pursuant to State law.<sup>7</sup> The contract in effect during the period of our audit was dated September 25, 2014, was to remain in effect until September 30, 2018, and provided for a 3-year renewal by mutual agreement of the CCOC and the CFO.

The list of court-related functions that clerks may fund from filing fees, service charges, costs, and fines is limited to those functions expressly authorized by law or court rule. These functions include, for example:

- Case maintenance.
- Records management.
- Collection and distribution of fines, fees, service charges, and court costs.

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<sup>3</sup> Section 28.36, Florida Statutes, provides the budget procedure for the court-related functions of the clerks.

<sup>4</sup> Section 28.35(3)(a), Florida Statutes (2016), provides the standard list of court-related functions clerks may fund from filing fees, service charges, costs, and fines. This standard list was amended pursuant to Chapter 2017-126, Laws of Florida, effective June 16, 2016.

<sup>5</sup> Pursuant to Chapter 2017-126, Laws of Florida, effective June 16, 2016, rather than submitting the CCOC and clerk budget information to the Legislative Budget Commission, the CCOC is to prepare and submit a report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the chairs of the legislative appropriations committees by January 1 of each year on the operations and activities of the corporation and detail the budget development for the clerks of the court and the end-of-year reconciliation of actual expenditures versus projected expenditures for each clerk of court.

<sup>6</sup> Section 28.35(4), Florida Statutes.

<sup>7</sup> Sections 28.2401(3), 28.241(1)(a), and 34.041(1)(b), Florida Statutes.

- Payments of jurors and witnesses.
- Paying reasonable administrative support costs to enable the clerks to carry out these court-related functions.

## ***FINDINGS AND RECOMMENDATIONS***

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### **Finding 1: Performance Measure Report Submissions**

State law<sup>8</sup> requires the CCOC, in consultation with the Legislature, to design performance measures to facilitate an objective determination of the performance of each clerk in accordance with minimum standards for fiscal management; operational efficiency; and effective collection of fines, fees, service charges, and court costs. To comply with this law, the CCOC developed detailed instructions and reporting forms for the clerks to use in reporting performance measure data to the CCOC. Every quarter, each clerk is required to submit by the 20th calendar day subsequent to the quarter end individual performance measure reports for collections, timeliness of case filings and dockets, juror payments, and financial management. To help ensure the timely submission of performance measure reports, CCOC personnel, when warranted, remind the clerks' staff of submission deadlines through telephone calls, e-mails, and occasional on-site visits.

To determine whether CCOC efforts resulted in the timely submittal of performance measure reports, from the population of 268 required reports for the quarter ended June 30, 2016, we selected for testing the 92 reports submitted by 23 clerks. We found that 6 clerks submitted 9 reports after the July 20, 2016, due date. Specifically:

- 4 clerks submitted collections reports 14 to 42 calendar days, or an average of 27 days, after the due date.
- 4 clerks submitted juror payments reports 7 to 41 calendar days, or an average of 18 days, after the due date. Two of these clerks also late submitted collections reports.
- 1 clerk submitted a timeliness of case filings and dockets report 7 calendar days after the due date. This clerk also late submitted untimely collections and juror payments reports.

In response to our inquiries regarding the untimely filed reports, the Executive Director indicated that some clerks lacked the financial resources to employ staff to timely prepare and submit the reports. Notwithstanding this response, untimely receipt of the performance data precludes the CCOC from effectively and efficiently making fiscal and operational decisions, and creates delays in evaluating corrective action plans for clerks who fail to meet the timeliness standards. A similar finding was noted in our report No. 2014-008.

**Recommendation:** The CCOC, in consultation with the clerks, should continue efforts to ensure that clerks submit performance measure reports within the established time frames. Such efforts should include documented consideration of whether the CCOC should seek from the Legislature the authority to impose financial penalties on clerks who do not comply with the reporting requirements.

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<sup>8</sup> Section 28.35(2)(d), Florida Statutes.

## Finding 2: Service Contracts

Good business practices necessitate that, before contracts are executed, service contract cost estimates be considered and documented and the sufficiency of available funds to pay the estimated service contract costs be assessed. In addition, contractual arrangements for services should be evidenced by written contracts embodying all the provisions and conditions of the procurement. Essential elements of a properly written contract define verifiable deliverables to be received and accepted in writing prior to payment, specify the time frames to complete the services, identify total contract costs, and provide for documented, signed concurrence of agreed-upon terms by the contracting parties.

Although the *CCOC Procedures Manual* established procurement requirements for purchasing goods, the *Manual* did not address requirements related to contracting for services. During the period June 2015 through August 2016, the CCOC made contract payments totaling \$443,045 related to seven service contracts. To determine whether the CCOC considered and documented contract cost estimates before service contracts were executed and whether the CCOC contracted and paid for services based on good business practices, we examined CCOC records supporting 24 selected contract payments totaling \$134,027 related to those seven contracts. We found that two of the seven contracts, including one for budgeting services and another for financial and accounting services, established rates of \$125 and \$85 per hour, respectively, and CCOC payments totaled \$91,355 for the two contracts. However, our examination of CCOC records supporting 8 payments, ranging from \$235 to \$7,344 and totaling \$22,172, disclosed that CCOC lacked records demonstrating consideration of the service contract cost estimates before the two contracts were executed and the payments were not based on contracts that contained all the essential elements. Specifically, the two contracts did not:

- Define verifiable deliverables to be received and accepted in writing prior to payment.
- Specify the time frames to complete the services.
- Identify the total contract costs.
- Contain documented, signed concurrence of agreed-upon terms by the CCOC and the other contracting parties.

The invoices supporting payments for the two contracts included descriptions of the deliverables and hours charged; however, because CCOC records did not demonstrate appropriate consideration of the total contract costs before the contracts were executed and the contracts lacked specificity regarding the essential elements of a properly written contract, CCOC records did not demonstrate approval of the services and related costs before the services were rendered.

In response to our inquiries, CCOC personnel indicated that service assignments are typically communicated to consultants verbally or by e-mail. For example, CCOC personnel provided a June 2016 e-mail related to the contract for budgeting services that included a notation asking the consultant to come by the CCOC Office to discuss the work plan; however, neither the e-mail nor other CCOC records specified the deliverables, time frames, or costs related to the budgeting services before the services were rendered.

Documented consideration of contract cost estimates before contracts are executed, including an assessment of the sufficiency of available funds, provides vital information and justification for contracting

decisions. Properly executed contracts that contain all essential elements are important to clearly establish contracting party responsibilities, reduce the risk of misunderstandings between the contracting parties, and promote the receipt of services consistent with CCOC expectations. A similar finding was noted in our report No. 2014-008.

**Recommendation: The CCOC should establish policies and procedures to ensure that contract cost estimates are appropriately considered of record before contracts are executed and that service contracts include provisions that:**

- **Define verifiable deliverables to be received and accepted in writing prior to payment.**
- **Specify the time frames to complete the services.**
- **Identify the total contract costs.**
- **Require documented, signed concurrence of agreed-upon terms by the CCOC and the other contracting parties.**

### **Finding 3: Public Deposit Accounts**

State law<sup>9</sup> requires each public depositor to submit to the CFO by November 30, an annual report identifying the name, address, and Federal employer identification number of the public depositor and verifying confirmation of the public deposit information as of September 30. According to CCOC records as of September 30, 2015, the CCOC had two bank accounts with combined bank account balances totaling \$776,986 that were subject to such reporting. However, the CCOC had not established policies and procedures for the designation of an employee responsible for annually submitting the required report nor were procedures established to require supervisory personnel to verify and ensure that the report was timely submitted. Consequently, CCOC records did not evidence submission of the required annual report for the period ended September 30, 2015, and due no later than November 30, 2015. Subsequent to our inquiry, in October 2016 the CCOC submitted the required report to the CFO.

If a public depositor does not comply with State law by annually filing the required report for each public deposit account, the protection from loss provided by the State's Public Deposits Program<sup>10</sup> is not effective as to that public deposit account.

**Recommendation: The CCOC should establish policies and procedures designating to an employee responsibility for annually submitting the required report of public deposit accounts to the CFO. Additionally, CCOC procedures should be established to require supervisory personnel to verify and ensure that the report is timely submitted pursuant to State law.**

### **Finding 4: Audit Services Contract with the Department of Financial Services**

The 2015 and 2016 General Appropriations Acts<sup>11</sup> required that the Department of Financial Services (DFS) audit all court-related expenditures of the clerks of court pursuant to State law.<sup>12</sup> Additionally,

<sup>9</sup> Section 280.17, Florida Statutes.

<sup>10</sup> Section 280.02(25), Florida Statutes, defines the Public Deposits Program as the Florida Security for Public Deposits Act contained in Chapter 280, Florida Statutes, and any rule adopted under Chapter 280, Florida Statutes.

<sup>11</sup> Chapters 2015-232 and 2016-066, Laws of Florida.

<sup>12</sup> Sections 28.35(2)(e) and 28.241(1)(a), Florida Statutes.

State law<sup>13</sup> requires the CCOC to contract with the DFS to audit court-related expenditures of the individual clerks pursuant to State law.<sup>14</sup>

According to the DFS Web site and our discussions with DFS personnel, the DFS published 5 clerk audits during the 2015-16 fiscal year and 10 clerk audits during the 2016-17 fiscal year. According to CCOC General Counsel, the CCOC made several attempts to contract with the DFS for audits of the individual clerks but was unsuccessful. The CCOC General Counsel also indicated that:

- Pursuant to State law,<sup>15</sup> in May 2013 the CCOC drafted a proposed funding contract with the DFS for the 2013-14 fiscal year. The draft contract provided that the DFS would audit the court-related expenditures of the clerks.
- In June 2013, the DFS removed the audit language from the draft contract and replaced it with language stating that it was the intent of the DFS and the CCOC to enter into a future contract for the DFS to audit the court-related expenditures of individual clerks.
- Subsequent to the execution of the funding contract, the CCOC General Counsel spoke with the DFS General Counsel in August 2013 to discuss drafting a contract between the CCOC and the DFS regarding audits of the clerks' court-related expenditures. The DFS General Counsel responded that, since the DFS already had statutory authority to audit the court-related expenditures, a contract was unnecessary.
- The CCOC General Counsel initiated numerous telephone calls and e-mails to the DFS General Counsel regarding a contract for audits of court-related expenditures. Ultimately, all attempts to contract with the DFS were unsuccessful and the last attempt was made in August 2015.

While the lack of the statutorily required contract did not prevent the DFS from conducting certain audits, a contract, signed by both parties, would establish an understanding between the CCOC and the DFS regarding which and how many clerks will be audited each year; the scope and methodology of the audits, including appropriate follow-up on prior audit findings; and the time frames for completing the audits. A properly established contract with the DFS would also help ensure that the DFS addressed any CCOC concerns relating to the conduct of the audits or the audit findings.

**Recommendation: The CCOC should request that the Legislature consider amending Section 28.35(2)(e), Florida Statutes, to require the DFS to contract with the CCOC for clerk audits. The contract should establish an understanding between the CCOC and the DFS regarding which and how many clerks will be audited each year; the scope and methodology of the audits, including appropriate follow-up on prior audit findings; and the time frames for completing the audits.**

## ***PRIOR AUDIT FOLLOW-UP***

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Except as discussed in Findings 1 and 2, the CCOC had taken corrective actions for the findings included in our report No. 2014-008.

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<sup>13</sup> Section 28.35(2)(e), Florida Statutes.

<sup>14</sup> Section 17.03, Florida Statutes.

<sup>15</sup> Section 28.35(4), Florida Statutes, provides that the CCOC shall be funded pursuant to a contract with the CFO.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations. State law<sup>16</sup> provides that, at least every 3 years, the Auditor General shall conduct an operational audit of the Florida Clerks of Court Operations Corporation.

We conducted this operational audit from September 2016 through January 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether CCOC management has corrected, or was in the process of correcting, the deficiencies and noncompliance noted in the prior audit report No. 2014-008.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of

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<sup>16</sup> Section 11.45(2)(f), Florida Statutes.

the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records during the period June 2015 to August 2016, and selected transactions made prior and subsequent thereto. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit we:

- Reviewed applicable laws, rules, regulations, and CCOC policies and procedures, and interviewed CCOC personnel to gain an understanding of and evaluate CCOC policies and procedures. For example, we evaluated whether the CCOC had established reasonable policies and procedures for major functions, such as cash, capital assets and capital outlay, procurement, payroll, human resource management, clerks of court budget submissions, and performance measure reporting practices.
- Examined the minutes of CCOC Executive Council meetings during the audit period and the minutes of selected meetings prior and subsequent to the audit period to determine the propriety and sufficiency of actions taken.
- Reviewed the contract with the Florida Court Clerks and Comptrollers, the CCOC education and training provider, examined the schedule of training made available during the 2015-16 fiscal year, and reviewed the agendas for the conferences included in the schedule of training opportunities to determine whether the CCOC complied with Section 28.35(2)(g), Florida Statutes.
- Examined CCOC records to determine whether the CCOC complied with the reviewing, monitoring, and reporting requirements set forth in Section 28.35(2), Florida Statutes. For example, from the population of 67 clerks of the court for the 2016-17 fiscal year, we selected for examination the budget proposals submitted by 23 clerks and evaluated whether the CCOC properly reviewed the budget proposals, evaluated whether the proposals contained the required revenue and expenditure information, and approved the budget proposals.
- Examined CCOC records to determine whether the CCOC complied with Section 28.35(2)(c), Florida Statutes, by making recommendations to the Legislature regarding changes in amounts of the various court-related fines, fees, service charges, and costs to ensure reasonable and adequate funding of the clerks of court in the performance of their court-related functions.
- Tested clerks' remittances to the Department of Revenue (DOR) for the cumulative excess of fines, fees, service charges, and costs exceeding the amount needed to meet authorized budget amounts. Specifically, we selected two monthly remittance transactions and the annual calculation for 23 of the 67 clerks from a population of 804 monthly reports and 67 annual reports for the 2015-16 fiscal year to determine whether remittances were calculated and remitted in accordance with Section 28.37, Florida Statutes. Also, we determined whether the CCOC monitored and reconciled DOR remittance amounts with information reports filed with the CCOC.

- Examined CCOC records to determine whether the CCOC complied with Section 27.52(1), Florida Statutes, by developing an application for clerks to use in determining indigent status and whether the application was approved by the Supreme Court.
- Determined whether CCOC deposits were secured in a qualified public depository as required by Section 280.03, Florida Statutes, and whether the CCOC complied with account reporting requirements.
- Examined CCOC banking agreements and inquired of CCOC personnel to determine whether CCOC personnel periodically compared the interest earnings and banking fee charges of the CCOC's bank with the earnings and charges of other banks for reasonableness.
- Examined the 15 monthly bank reconciliations conducted during the audit period to determine whether CCOC personnel timely and accurately performed the bank reconciliations.
- Evaluated whether the CCOC complied with Section 28.35(2)(d), Florida Statutes, which requires the CCOC to develop a uniform system of workload measures and clerk workload performance standards. Specifically, we:
  - Evaluated the workload performance measure form reporting instructions to determine whether the measures and standards were designed to facilitate an objective determination of each clerk's performance.
  - Tested timeliness of quarterly workload performance measure reports submitted by 23 of the 67 clerks (92 reports) for the quarter ended June 30, 2016.
  - Reviewed the accuracy and completeness of quarterly workload performance measure reports for 23 of the 67 clerks (92 reports), including verifying the mathematical accuracy of the report, the consistency of the data reported between fiscal quarters, and the inclusion of corrective action plans and explanatory information when necessary.
  - Examined CCOC records to determine whether the CCOC notified the Legislature of clerks not meeting workload performance measures and provided the Legislature with corrective action plans for clerks not meeting standards.
- Reviewed the CCOC Reports Checklist to determine whether the CCOC monitored clerk compliance with applicable provisions of Sections 28.35 and 28.36, Florida Statutes, by submitting audit reports performed by certified public accountants that included a determination that the clerks complied with the provision of Section 28.35(5), Florida Statutes. We also reviewed the audit reports submitted for the 2015-16 fiscal year for all clerks to determine whether the reports contained the required determination.
- Examined CCOC tangible personal property (TPP) records to determine whether the CCOC conducted an annual TPP inventory and properly investigated and resolved any discrepancies.
- Examined CCOC capital asset records to determine whether the CCOC properly and timely recorded assets acquired and disposed of during the audit period and provided proper accountability for uncapitalized but attractive property.
- Examined CCOC records to determine whether CCOC salary and bonus payments totaling \$661,209 to the 14 CCOC employees during the audit period complied with the CCOC *Classification and Pay Plan Procedures Manual* or whether other records existed to demonstrate the authority for the payments.
- Examined CCOC records to determine whether CCOC Executive Council members conducted an annual performance evaluation of the Executive Director as required by the CCOC *Plan of Operations*.
- From the population of 399 general expenditures totaling \$1,008,193 during the audit period, examined CCOC records supporting 30 selected general expenditure transactions totaling

\$47,207 to determine whether the transactions complied with Section 28.35, Florida Statutes, applicable CCOC policies and procedures, and good business practices.

- From the total population of contractual expenditures totaling \$443,045 during the audit period, examined CCOC records supporting 24 selected contractual expenditures totaling \$134,027 related to 7 contracts to determine whether the expenditures complied with applicable laws, CCOC policies and procedures, and good business practices. We also examined CCOC records supporting a \$286,900 contract for education and training services to determine whether the procurement complied with applicable laws, CCOC policies and procedures, and good business practices.
- From the population of 167 credit card transactions totaling \$38,115 during the audit period, examined CCOC records supporting 26 selected credit card charges totaling \$4,467 to determine whether the charges complied with applicable laws, CCOC policies and procedures, and good business practices.
- From the population of 147 travel-related expenditures totaling \$41,046 during the audit period, examined CCOC records supporting 30 selected travel-related expenditures totaling \$10,866 to determine whether the expenditures complied with Section 112.061, Florida Statutes, CCOC policies and procedures, and good business practices.
- Through inquiry with CCOC personnel and examination of CCOC records, determined whether the CCOC complied with Section 28.35(2)(e), Florida Statutes, by entering into a contract for the Department of Financial Services to audit the court-related expenditures of individual clerks of the court.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## **AUTHORITY**

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Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

Ken Burke, CPA  
PINELLAS COUNTY  
EXECUTIVE COUNCIL CHAIR  
Stacy Butterfield, CPA  
POLK COUNTY  
VICE-CHAIR  
Tara S. Green  
CLAY COUNTY  
SECRETARY/TREASURER



SHARON R. BOCK, ESQ.  
PALM BEACH COUNTY  
JOHN CRAWFORD  
NASSAU COUNTY  
PAT FRANK  
HILLSBOROUGH COUNTY  
TODD NEWTON  
GILCHRIST COUNTY

JEFFREY R. SMITH, CPA  
INDIAN RIVER COUNTY  
RON FICARROTTA  
13TH JUDICIAL CIRCUIT JUDGE  
SUPREME COURT APPOINTEE  
KYLE HUDSON  
HOLMES COUNTY  
SENATE APPOINTEE

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December 19, 2017

Sherrill F. Norman  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Re: Florida Clerks of the Court Operations Corporation Audit Response

Dear Ms. Norman:

**Finding 1 Audit Recommendation:** *The CCOC, in consultation with the clerks, should continue efforts to ensure that clerks submit performance measure reports within the established time frames. Such efforts should include documented consideration of whether the CCOC should seek from the Legislature the authority to impose financial penalties on clerks who do not comply with the reporting requirements.*

Finding 1 Response:

We concur that there are still a few Clerks not submitting their reports within the established time frames and will continue to work with Clerks to help ensure they turn in their reports timely. The minimum statewide needs based budget requested by Clerks is approximately \$52 million less than the actual budgets. The Clerks budget model developed prior to 2004 is broken. Clerks do not have sufficient budget authority to properly fund their offices to fulfill their many responsibilities and mandates. Late reporting is one of the manifestations of this underfunding. The recommendation offered by the Auditor General may be reconsidered by CCOC when Clerks are funded to their needs based budget.

*Our Mission: As a governmental organization created by the Legislature, we evaluate Clerks' court-related budgetary needs, and recommend the fair and equitable allocation of resources needed to sustain court operations.*

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**Finding 2 Audit Recommendation:** *The CCOC should establish policies and procedures to ensure that contract cost estimates are appropriately considered of record before contracts are executed and that service contracts include provisions that define verifiable deliverables to be received and accepted in writing prior to payment, specify the time frames to complete the services, identify the total contract costs, and require documented signed concurrence of agreed-upon terms by the CCOC and the other contracting parties.*

We concur and will have these in place prior to execution of new contracts.

**Finding 3 Audit Recommendation:** *The CCOC should establish policies and procedures designating to an employee responsibility for annually submitting the required report of public deposit accounts to the CFO. Additionally, CCOC procedures should be established to require supervisory personnel to verify and ensure that the report is timely submitted pursuant to State law.*

We concur and this process is now currently in place. The required reports for the last two years have been submitted by the due dates.

**Finding 4 Audit Recommendation:** *The CCOC should request that the Legislature consider amending Section 28.35(2)(e), Florida Statutes, to require the DFS to contract with the CCOC for clerk audits. The contract should establish an understanding between the CCOC and the DFS regarding which and how many clerks will be audited each year; the scope and methodology of the audits, including appropriate follow-up on prior audit findings; and the time frames for completing the audits.*

Finding 4 Response:

We have sent a letter to the CFO requesting a meeting to share your recommendation prior to moving forward on this issue.

Respectively,



Ken Burke, CPA  
Chairman, CCOC Executive Council

Cc: John Dew, CCOC Executive Director  
CCOC Executive Council  
Corporation Members