

Report No. 2021-065  
December 2020

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

**FLORIDA CLERKS OF COURT  
OPERATIONS CORPORATION**



Sherrill F. Norman, CPA  
Auditor General

## Florida Clerks of Court Operations Corporation

During the period July 2018 through December 2019, 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 J.D. Peacock II, Chair	Okaloosa County Clerk of Courts
Honorable Jeffery R. Smith, CPA, Vice Chair from 7-1-19	Indian River County Clerk of Courts
Honorable Tara S. Green, Vice Chair through 6-30-19	Clay County Clerk of Courts
Honorable Stacy Butterfield, CPA, Secretary/Treasurer from 7-1-19	Polk County Clerk of Courts
Honorable John Crawford	Nassau County Clerk of Courts
Honorable Pat Frank through 6-30-19	Hillsborough County Clerk of Courts
Honorable Todd Newton from 7-1-19	Gilchrist County Clerk of Courts
Honorable Paula O'Neil through 6-30-19	Pasco County Clerk of Courts
Honorable Laura E. Roth	Volusia County Clerk of Courts
Honorable Tiffany Moore Russel from 7-1-19	Orange County Clerk of Courts
Honorable Harvey Ruvlin	Miami-Dade County Clerk of Courts

### Other Designated Executive Council Members

Honorable Ronald Ficarrotta Circuit Judge for the Thirteenth Judicial Circuit	Chief Justice Designee
Honorable Angelina Colonnese from 4-10-19 <sup>a</sup> Manatee County Clerk of Courts	Senate President Designee
Honorable Kyle Hudson through 3-18-19 <sup>a</sup> Holmes County Clerk of Courts	Senate President Designee
Vacant from 7-1-18	House Speaker Designee

<sup>a</sup> Seat was vacant 3-19-19 through 4-9-19.

The team leader was Walter K. Cunningham, CPA, and the audit was supervised by Jacqueline M. Bell, 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 noted in our report No. 2018-076. Our audit did not disclose any findings and recommendations regarding the CCOC processes and administrative activities included within the scope of our audit that must be reported in writing.

## **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 counties with a population of 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. In addition, the Executive Council includes, as ex officio members, a designee of the President of the Senate and a designee of the Speaker of the House of Representatives. The Chief Justice of the Supreme Court also designates one 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 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:

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

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

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

- 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.
- Identify 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.

Pursuant to State law,<sup>5</sup> the CCOC is funded pursuant to a contract with the Chief Financial Officer. The contract is funded by fees collected by the clerks pursuant to State law<sup>6</sup> and the funds are made available to the CCOC for the performance of its duties and responsibilities as set forth in State law.

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

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The CCOC had taken corrective actions for the findings included in our report No. 2018-076.

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

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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>7</sup> provides that, at least every 3 years, the Auditor General shall conduct an operational audit of the Florida Clerks of Court Operations Corporation (CCOC).

We conducted this operational audit from March 2020 through October 2020 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.

This operational audit of the CCOC focused on selected CCOC processes and administrative activities. The overall objectives of the 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, administrative rules, 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

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<sup>4</sup> Section 28.35(3)(a), Florida Statutes, enumerates the court-related functions that clerks may fund from filing fees, service charges, costs, and fines.

<sup>5</sup> Section 28.35(4), Florida Statutes.

<sup>6</sup> Sections 28.2401(3), 28.241(1)(a), and 34.041(1)(b), Florida Statutes.

<sup>7</sup> Section 11.45(2)(f), Florida Statutes.

efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.

- Determine whether CCOC management had corrected, or was in the process of correcting, all deficiencies disclosed in our report No. 2018-076.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In planning and conducting our audit, we assessed whether internal controls were significant to our audit objectives by considering the internal control integrated framework established by the Committee of Sponsoring Organizations (COSO)<sup>8</sup> and adapted for a government environment within the *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office. That framework is illustrated in the following table.

### COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the CCOC Executive Council and Management)
<b>Control Environment</b>	Standards, processes, and structures that provide the basis for carrying out internal control across the organization. Represents the foundation on which an effective internal control system is built.	<ul style="list-style-type: none"> <li>• Demonstrate commitment to integrity and ethical values.</li> <li>• Exercise oversight responsibility.</li> <li>• Establish structures and reporting lines and assign authorities and responsibilities.</li> <li>• Demonstrate commitment to a competent workforce.</li> <li>• Hold individuals accountable for their responsibilities.</li> </ul>
<b>Risk Assessment</b>	Management’s process to consider the impact of possible changes in the internal and external environment and to consider actions to mitigate the impact. The basis for how risks will be managed.	<ul style="list-style-type: none"> <li>• Establish clear objectives to define risk and risk tolerances.</li> <li>• Identify, analyze, and respond to risks.</li> <li>• Consider the potential for fraud.</li> <li>• Identify, analyze, and respond to significant changes that impact the internal control system.</li> </ul>
<b>Control Activities</b>	Activities in the form of policies, procedures, and standards that help management mitigate risks. Control activities may be preventive in nature or detective in nature and may be performed at all levels of the organization.	<ul style="list-style-type: none"> <li>• Design control activities to achieve objectives and respond to risks.</li> <li>• Design control activities over technology.</li> <li>• Implement control activities through policies and procedures.</li> </ul>
<b>Information and Communication</b>	Information obtained or generated by management to support the internal control system. Communication is the dissemination of important information to help the organization meet requirements and expectations.	<ul style="list-style-type: none"> <li>• Use relevant and quality information.</li> <li>• Communicate necessary information internally to achieve entity objectives.</li> <li>• Communicate necessary information externally to achieve entity objectives.</li> </ul>
<b>Monitoring</b>	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> <li>• Conduct periodic or ongoing evaluations of the internal control system.</li> <li>• Remediate identified internal control deficiencies on a timely basis.</li> </ul>

We determined that the internal control components significant to our audit objectives included control environment, control activities, information and communication, and monitoring. The associated underlying principles significant to our objectives included:

- CCOC Executive Council and management commitment to integrity and ethical values.
- CCOC Executive Council and management exercise of oversight responsibility.

<sup>8</sup> The Committee of Sponsoring Organizations (COSO) of the Treadway Commission was established in 1985 to develop guidance in the areas of risk and control which enable good organizational governance and reduction of fraud. Pursuant to their mission, COSO developed a framework for internal control that consists of five components and 17 underlying principles.

- CCOC Executive Council and management establishment of an organizational structure, assignment of responsibility, and delegation of authority to achieve the CCOC's goals and objectives.
- Management commitment to recruit, develop, and retain competent individuals.
- Management design of control activities to achieve the CCOC's objectives and respond to risks.
- Management establishment of policies and procedures to implement internal control activities.
- Management communication of information externally necessary to achieve the CCOC's objectives.
- Management activities to monitor the CCOC's internal control system and evaluate the results.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, 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; identifying and evaluating internal controls significant to our audit objectives; 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 the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period July 2018 through December 2019, and selected CCOC actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions 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 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, contracts, and CCOC policies and procedures, and other guidelines, and interviewed CCOC personnel to gain an understanding of and evaluate applicable processes and administrative activities.

- Examined the minutes of CCOC Executive Council meetings for the period July 2018 through December 2019 and the minutes of selected meetings prior and subsequent to that period to evaluate the propriety and sufficiency of actions taken.
- Examined the contract with the Florida Court Clerks and Comptrollers, the CCOC's education and training provider; examined the schedule of training made available during the 2018-19 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 court for the 2018-19 fiscal year, we selected for examination the budget proposals submitted by 23 clerks and evaluated whether the proposals contained the required revenue and expenditure information and whether the CCOC properly reviewed and approved the budget proposals.
- Examined documentation to determine whether CCOC 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 were made in accordance with Section 28.35(2)(c), Florida Statutes.
- Examined clerk 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 included in the 804 monthly reports and 67 annual reports for the 2018-19 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 ensuring 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 in Section 280.16(1)(c), Florida Statutes.
- 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 18 monthly bank reconciliations for the CCOC's operating bank account for the months July 2018 through December 2019 to determine whether CCOC personnel timely and accurately performed the bank reconciliations.
- Examined CCOC records to determine whether the CCOC complied with Section 28.35(2)(d), Florida Statutes, by developing a uniform system of workload measures and performance standards in consultation with the Legislature, and appropriately monitoring the clerks. 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.
  - Examined the 3 quarterly workload performance measure reports submitted by 23 of the 67 clerks (69 total reports) for the quarter ended September 30, 2019, to determine whether the reports were timely filed.

- Examined the annual fiscal management reports submitted by 23 of the 67 clerks for the fiscal year ended June 30, 2019, to determine whether the reports were timely filed.
- Reviewed the accuracy and completeness of quarterly workload performance measure reports and the annual fiscal management report for 23 of the 67 clerks (92 reports) by verifying the mathematical accuracy of the reports, the consistency of the data reported between fiscal quarters, and the inclusion of corrective action plans and explanatory information when applicable.
- 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 those clerks.
- 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 2018-19 fiscal year for all clerks to determine whether the reports contained the required determination.
- From the population of 405 general expenditures totaling \$709,643 during the audit period, examined CCOC records supporting 30 selected expenditure transactions totaling \$84,345 to determine whether the transactions complied with Section 28.35, Florida Statutes, applicable CCOC policies and procedures, and good business practices.
- From the population of 179 contractual expenditures totaling \$521,110 related to ten contracts during the audit period, examined CCOC records supporting 27 selected contractual expenditures totaling \$72,491 related to six contracts to determine whether the expenditures complied with applicable laws, CCOC policies and procedures, and good business practices.
- From the population of 211 credit card transactions totaling \$32,251 during the audit period, examined CCOC records supporting 26 selected credit card charges totaling \$5,016 to determine whether the charges complied with applicable laws, CCOC policies and procedures, and good business practices.
- From the population of 116 travel reimbursements totaling \$40,570 during the audit period, examined CCOC records supporting 25 selected travel reimbursements totaling \$4,586 to determine whether the expenditures complied with Section 112.061, Florida Statutes, CCOC policies and procedures, and good business practices.
- Inquired with CCOC personnel and examined CCOC records to determine 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.
- Inquired with CCOC personnel and examined CCOC records to determine whether all members of the Executive Council received the ethics training required by Section 112.3142, Florida Statutes, and whether CCOC verified that the required training was received.
- 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.
- Obtained management's views concerning the conclusions in this audit report, prepared a summary of management's comments, and provided a copy of the summary to management to verify that the comments were accurately represented. In addition, we included the summary of management's response in this report under the heading **MANAGEMENT'S RESPONSE**.



## ***AUTHORITY***

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Section 11.45, Florida Statutes, requires that the Auditor General conduct at least every 3 years an operational audit of the accounts and records of the Florida Clerks of Court Operations Corporation. 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA  
Auditor General

## ***MANAGEMENT'S RESPONSE***

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CCOC management concurred with the audit results.