

**Follow-Up of the Audit of the
Orange County Clerk of the
Circuit and County Courts –
Financial Controls and Revenue
Collection Procedures**

**Report by the
Office of County Comptroller**

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April 7, 2004

Lydia Gardner, Clerk of the Circuit and County Courts

We have conducted a follow-up of the audit of the Orange County Clerk of the Circuit and County Courts – Financial Controls and Revenue Collection Procedures. Our original audit included the period of October 1, 1997 through June 30, 1998. Testing of the status of the previous Recommendations for Improvement was performed for the period October 1, 2002 through January 31, 2003. Our follow-up audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following the recommendations is a summary of the current status as determined in this review.

During our review, we noted that 13 of the 15 applicable Recommendations for Improvement were fully or partially implemented. **We commend** the Clerk's Office for their efforts. We appreciate the cooperation of the personnel of your office during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Orange County Board of County Commissioners

**IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS
FOR IMPROVEMENT**

Follow-Up of the Audit of the Orange County Clerk of the Circuit and County Courts –
 Financial Controls and Revenue Collection Procedures
 Status of the Previous Recommendations for Improvement

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We recommend divisions within the Clerk's Office maintain a mail listing of all monies received through the mail. Periodically, a reconciliation to the accounting records should be performed by a person independent of the mail listing and revenue recording function.			✓	
2.	We recommend the Clerk's Office continues to remit the marriage license fee to the Orange County Comptroller on a monthly basis.		✓		
3.	We recommend the Clerk's Office cash control system be electronically linked to the financial accounting system.	✓			
4.	We recommend the Clerk's Office creates and implements a fraud policy.	✓			
5.	We recommend management documents authorization of voids on the cash register tape.		✓		
6.	We recommend the Clerk's Office creates and implements standard written procedures for the receipt of copy/research requests, issuance of copies or researches and the receipt of copy/research revenue.		✓		
7.	We recommend the Clerk's Office examines the possibility of depositing receipts collected by the outside courts to a bank branch near the outside court.	✓			
8.	We recommend the Accounting and County Civil Divisions continue to utilize the transfer documents to account for the transfer of monies.	✓			

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 Status of the Previous Recommendations for Improvement

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
9.	We recommend the Accounting Division refrains from cashing employees' checks.	✓			
10.	We recommend the Accounting Division allocates interest earned from investing eminent domain funds to the correct entities and retains and attaches the Registry of Court Ledger Status to the eminent domain interest spreadsheet each month.	✓			
11.	We recommend the Accounting Division ensures the term bill submitted to Orange County is accurate.	✓			
12.	We recommend the Accounting Division ensures cash is adequately secured until deposited.	✓			
13.	We recommend the County Civil Division implements the written policy of recording shortages and cashiers not being allowed to make up shortages with personal funds.	✓			
14.	We recommend the Child Support, Domestic Relations, Circuit Criminal and the Traffic Division limit access to their safes to fewer than two employees.			✓	
15.	We recommend the Circuit Criminal Division works with the Information Services Division to ensure that all criminal case subpoenas issued via electronic request are properly charged on the Criminal Daily Charges/Fee Summary report.	✓			
16.	We recommend the Clerk's Office pursues an agreement with Orange County regarding monthly reimbursements of circuit civil indigent fees on the term bill.				✓

INTRODUCTION



Scope and Methodology

The scope of the audit was to determine the status of the Recommendations for Improvement noted in the previous audit titled “Audit of the Orange County Clerk of the Circuit and County Courts – Financial Controls and Revenue Collection Procedures” dated June 1999. Testing of the status of the previous recommendations was performed for the period of October 1, 2002 through January 31, 2003. The objectives of the review were to determine whether the recommendations from the previous audit were implemented.

To ascertain the status of the recommendations, we met with the Director of Financial Services to review the status of the previous recommendations. We interviewed the managers of the various divisions to confirm a mail listing is being kept of all monies received through the mail and reviewed documentation supporting the process. We verified marriage license fees are remitted to the Comptroller on a monthly basis by reviewing documentation of the amounts remitted. We determined whether the cash control system has been electronically integrated with the general ledger by discussing the current system with accounting personnel. We confirmed a fraud policy has been created and implemented by requesting and reviewing the approved policy and procedures manual that included the policy. We selected a sample of two days in the audit period and tested the cash receipt records to confirm voided transactions reported from the various divisions’ revenues had been properly approved by management.

We requested standard written procedures for copy/research requests, issuance of copies or research requests, and receipt of copy/research revenue from the Records Management Department to verify they have been created and implemented. We reviewed supporting documentation to confirm the outside courts are depositing their receipts directly to a bank branch rather than sending the receipts to Financial Services for deposit. We verified transfer documents are being utilized between Financial Services and the other divisions to account for the transfer of monies by reviewing the log kept of these transfers. We confirmed Financial Services is not cashing employees’ checks by

INTRODUCTION



observation and interviewing employees. To verify interest earned from investing eminent domain funds is being allocated to the correct entity, we obtained trust statements prepared during the audit period and recalculated a sample of entries and traced each to supporting documents. In addition, we confirmed a status report is attached to each monthly spreadsheet to support their calculations. We selected a sample of accounts on one monthly term bill submitted to the Orange County Board of County Commissioners during the audit period and reviewed for accuracy by recalculating a sample of transactions and verifying the amounts submitted for reimbursement with the support provided.

We reviewed the deposit process through interviews and observation. We observed whether monies from the daily collections submitted to Financial Services are stored in a secure location until picked up by an armored truck for deposit at the bank. We reviewed the cashier closeout procedures for the Civil Division and verified overages/shortages are recorded and approved by a supervisor. We also scanned receipt documents submitted to Financial Services to verify overages/shortages are recorded and approved. To verify access to each safe has been limited to two or fewer employees, we interviewed division managers and reviewed procedures for employee access to the safes in the various divisions. In addition, we noted the number of safes in use and the approximate dollar amounts stored in these safes for the audit period.

To determine whether the Technology Services Division has made modifications to the system that records subpoena fees issued electronically by the State Attorney's Office, we selected a sample of fees docketed to court cases and verified they were included on the monthly term bill. We interviewed the Clerk's legal counsel and other administrative officers to determine whether the Clerk's Office has pursued an agreement with Orange County regarding monthly reimbursements of civil indigent fees on the term bill.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



1. An Immediate Proof of Receipts Should Be Maintained

An immediate proof of all receipts is not recorded for checks received through the mail for the divisions within the Clerk's Office. These receipts include rejected or unidentifiable checks received from the lock box bank for the Traffic and Child Support Divisions and other fees received through the mail such as filing fees and copy charges.

We Recommend divisions within the Clerk's Office maintain a mail listing of all monies received through the mail. Periodically, a reconciliation to the accounting records should be performed by a person independent of the mail listing and revenue recording function.

Status:

Not implemented. We found none of the divisions within the Clerk's Office are maintaining a proof of receipts for checks received in the mail.

We Again Recommend the divisions within the Clerk's Office maintain a mail listing of all monies received through the mail and have the listing reconciled periodically by a person independent of the mail listing and revenue recording function.

Management's Response:

There is research to do on the cost/benefit and how to draft a consistent policy for the whole organization given the diversity of activities.

2. Marriage License Certification Fees Should Be Remitted to the Orange County Comptroller

The \$2.00 fee for certification of a marriage license collected by the Clerk's Office was not remitted to the Orange County Comptroller's Office who has actually performed the

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certification and mailing of marriage licenses since March 1998. According to section 28.24, Florida Statutes, the Clerk's Office can charge \$2.00 to validate certificates. During our initial audit, the Clerk's Office remitted \$8,280 to the Comptroller for the period of March 1998 through July 1998. Per mutual agreement, the Clerk's Office has been remitting the marriage license certification fee to the Comptroller on a monthly basis.

We Recommend the Clerk's Office continues to remit the marriage license fee to the Orange County Comptroller on a monthly basis.

Status:

Partially Implemented. Although the Clerk's Office is generally remitting the marriage license fee to the Orange County Comptroller on a monthly basis, they failed to remit the fees collected for the month of December 2002. When this matter was brought to the Office's attention, they promptly reviewed their records, discovered another missed month, and remitted the two missed months to the Comptroller.

We Again Recommend the Clerk's Office ensure they remit the marriage license fee to the Orange County Comptroller for every month it is collected.

Management's Response:

Most of the fee goes to the State monthly (efile). The Clerk's part of the fee is/has been returned monthly to the BCC.

3. The Clerk's Office Cash Control System Should Be Linked to the Financial Accounting System

The Clerk's Office computerized cash control system is not integrated with the computerized general ledger system in the Accounting Division and the general ledger clerk has to



manually input each division's Cash Control Report into the general ledger to post the receipts.

We Recommend the Clerk's Office cash control system be electronically linked to the financial accounting system.

Status:

Implemented. The Clerk's Office completed the process of integrating the cash control system to the financial accounting system in October 2003. As a result of the integration of the cash control system to the general ledger, the Clerk's Office was able to eliminate a clerical position. The employee will be reassigned within the Office.

4. A Fraud Policy Should Be Implemented

The Clerk's Office does not have a written fraud policy in effect which would specify the roles and responsibilities of those who review and investigate fraud allegations. It would also educate employees on what are considered fraudulent acts and the consequences of unethical behavior and to encourage employees to report suspicions of fraud.

We Recommend the Clerk's Office creates and implements a fraud policy.

Status:

Implemented. The Clerk's Code of Conduct, which includes a section on fraud, was provided for our review and has been included in the revised employee handbook.

5. Voids Should Be Authorized

During our review of the cash control system of the Clerk's Office, 16 percent of voids tested were not properly authorized by management on the cash register tapes. In addition, voids were not authorized as noted by the lack of

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



management signatures, initials, or dates. Without authorization, there is no assurance that funds recorded as voided were not misappropriated.

We Recommend management documents authorization of voids on the cash register tape.

Status:

Partially implemented. Although the supervisors in the divisions perform the voiding of transactions on one register, we noted both the Criminal and Civil Divisions allow transactions to be voided by non-management employees without a supervisor's approval if the transaction takes place in the same day.

We Recommend management approves all voided transactions regardless if the transaction and the voiding occur the same day.

Management's Response:

Memos were sent to remind the Divisions of this policy.

6. No Standard Procedure Exists for the Receipt of Copy/Research Revenue

Standard written procedures do not exist for the processing of copy/research requests for all divisions within the Clerk's Office to account for the receipt of copy/research request, issuance of copies and researches, and the receipt of revenue for those copies or researches made.

Without a procedure and proper accountability, copy/research revenue may be misappropriated and not detected in a timely manner.

We Recommend the Clerk's Office creates and implements standard written procedures for the receipt of copy/research

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requests, issuance of copies or researches and the receipt of copy/research revenue.

Status:

Partially implemented. There are no written procedures for copy/research requests or issuance of copies or researches. We were provided newly created procedures on the receipt of copy/research revenue that only included the processing of checks received in the mail. These procedures did not address all of the issues noted in the prior audit report.

We Again Recommend the Clerk's Office creates and implements standard written procedures for the receipt of copy/research request and issuance of copies or research.

Management's Response:

Staff will revise the current policy to include the entire process.

7. Outer Court Revenue Should Be Directly Deposited

Three outside courts located in Winter Park, Ocoee, and Apopka have their revenue collections and balancing documents sent to the Accounting Division in the downtown Courthouse via courier and not directly deposited into the bank. This revenue is then re-counted, balanced and deposited with revenue collected in the other divisions by the Accounting Division.

We Recommend the Clerk's Office examines the possibility of depositing receipts collected by the outside courts to a bank branch near the outside court.

Status:

Implemented. The outside courts now have their receipts picked up by an armored courier that deposits these receipts



to a bank branch closest to the outside court. A signature sheet is maintained at the outside court and a copy of the deposit slip is sent to Financial Services (previously the Accounting Division) along with the balancing documents.

8. Transfer of Monies Should Be Documented

A receipt is not obtained by the Accounting Division to document the transfer and receipt of the prior day's revenue collection and accounting support documentation for each of the divisions within the Clerk's Office. Each division transfers the revenue collected and accounting documentation to the Accounting Division to be counted and deposited. Also, a receipt is not obtained for monies being transferred from the County Civil Division to the Circuit Civil Division for appeal cases and these monies are not rung in the register until received by the Circuit Civil Division.

We Recommend the Accounting and County Civil Divisions continue to utilize the transfer documents to account for the transfer of monies.

Status:

Implemented. A daily log is used to record who drops off daily revenue collections from the various divisions and who receives these collections in Financial Services. There is also a cash disbursements log to track amounts disbursed to the divisions for change for the cash register drawers.

9. Personal Checks Should Not Be Cashed by the Accounting Division

We found that personal checks are cashed in the Accounting Division for Accounting Division employees from revenue on-hand. The checks are placed in the miscellaneous receipts and cash is taken from one of the other general ledger accounts to disburse to the employee. Deposits are posted incorrectly when checks replace the day's cash deposit.



We Recommend the Accounting Division refrains from cashing employees' checks.

Status:

Implemented. We observed employees while performing other audit procedures and did not note any checks being cashed. We also interviewed several employees who all stated that employee checks are not cashed. In addition, each division now prepares their own deposit and delivers it to Financial Services in a locked bank bag to be secure until picked up by an armored courier.

10. Eminent Domain Interest Should Be Allocated to the Correct Entities

The Clerk's Office invests eminent domain funds from the registry of court account in an investment account with a bank. An eminent domain spreadsheet is updated each month to allocate interest earned to the depositors of the account and a status report is run from the accounting system to verify the amounts are correct. We found that the Clerk's Office did not correctly allocate the interest earned in the registry of court account. Section 28.33, Florida Statutes, allows the Clerk's Office to invest monies deposited into the registry of the court and to retain a fee of 10 percent of the interest earned on the funds with the balance to be allocated in accordance with their proportionate share of depositors' funds. The Clerk's Office did not always retain the status and, therefore, we could not verify that the amounts and percentages on the eminent domain spreadsheet were accurate. When re-calculating one spreadsheet, we found that some of the interest paid to entities was not allocated correctly.

We Recommend the Accounting Division allocates interest earned from investing eminent domain funds to the correct entities and retains and attaches the Registry of Court Ledger Status to the eminent domain interest spreadsheet each month.



Status:

Implemented. We reviewed a sample of eminent domain spreadsheets and recalculated the interest allocated to the various depositors. We found the spreadsheets to be correct. We also noted the status reports were being retained with the spreadsheets which enabled us to verify the calculations were correct.

11. The Monthly Term Bill to the Orange County Board of County Commissioners Should Be Accurate

The Clerk's Office remits a monthly invoice called a term bill to the Orange County Board of County Commissioners for reimbursements of filing and docket fees, as permitted in Sections 28.24 and 28.241, Florida Statutes. We found that some of the amounts on the term bill did not agree with supporting documentation. Although the amounts were not material to the total amount, our review included only a sample of the items on selected invoices submitted to Orange County during the audit period. Errors on the bill cause Orange County to overpay or underpay the Clerk's Office.

We Recommend the Accounting Division ensures the term bill submitted to Orange County is accurate.

Status:

Implemented. We selected one monthly term bill submitted during the audit period and judgmentally chose five of the higher dollar amounts to trace to the supporting documentation. All amounts tested were correctly calculated and adequately documented.



12. Cash Should Be Secured

We found that the cash in the Accounting Division is placed in an unlocked cabinet before the deposit is made. However, security measures are taken such as having an audit clerk always present in the area and the entrance to the Accounting Division having a combination lock. Without funds being safeguarded, misappropriation of cash could occur without timely detection and there is also greater risk and difficulty of assigning responsibility if money is lost, stolen or misplaced.

We Recommend the Accounting Division ensures cash is adequately secured until deposited.

Status:

Implemented. Deposits are now prepared by each division and brought to Financial Services in locked moneybags. The amount on the deposit slip included with the bag is compared to the Cash Transmittal Report provided by the Technology Services Division each morning to ensure the amounts are the same. The bag is locked in the safe in Financial Services until the armored courier picks it up to deposit it at the bank.

13. Shortages Should Be Recorded

Cashiers in the County Civil Division are allowed to make up a shortage in the register with their own personal funds. When brought to management's attention during our review, written procedures were changed so that shortages were to be recorded and no cashier was allowed to make up shortages with personal funds.

We Recommend the County Civil Division implements the written policy of recording shortages and cashiers not being allowed to make up shortages with personal funds.

**STATUS OF PREVIOUS
RECOMMENDATIONS
FOR IMPROVEMENT**



Status:

Implemented. The County and Circuit Civil Divisions have been combined into the Civil Division and have adopted a Cash Control policy that includes procedures for when a cashier is out of balance. The policy states that overages/shortages are to be recorded and cashiers are not responsible for using personal funds to correct shortages.

14. Access to the Safe Should Be Limited to Fewer than Two Persons

The Child Support and Domestic Relations Divisions share a safe between them with nine employees having access to the combination. Approximately \$30,000 is kept in the safe overnight between the two divisions. Seven employees of the Circuit Criminal Division and nine employees of the Traffic Division have access to the safe located in those divisions. The more employees who have access to the safe, the higher the risk that unauthorized and unnecessary entry could occur, along with greater risk and difficulty in assigning responsibility if money is lost, stolen or misplaced.

We Recommend the Child Support, Domestic Relations, Circuit Criminal and the Traffic Division limit access to their fewer than two employees.

Status:

Not Implemented. We reviewed employee access to safes in the divisions noted above and found each of the divisions have more than two persons with access to the safe (see the table on the following page).

DIVISION	NUMBER OF EMPLOYEES WITH ACCESS TO SAFE	AVERAGE AMOUNT IN SAFE
Criminal Division	8	\$23,930
Family Services	4	\$28,937
Traffic	8	\$33,893



The Child Support and Domestic Relations Divisions have been combined to form Family Services.

We Again Recommend the Traffic, Criminal and Family Services Divisions limit access to their safes to fewer than two employees.

Management's Response:

An access log was created by the Financial Services Division and disseminated to all Divisions to use for tracking access. Due to the need for access at all times, a requirement for two or fewer employees to have access is impractical.

15. Subpoena Fees Should Be Properly Charged on the Criminal Daily Charges/Fee Summary Report

The previous audit noted that five percent of a sample of subpoena fees docketed to a court case could not be located on the Criminal Daily Charges/Fee Summary report. The subpoenas were issued via electronic request by the State Attorney's Office and for this reason the Circuit Criminal Division does not manually docket them into the computer system. Further, the subpoenas should have automatically been recorded on the monthly term billing to Orange County for the day of the electronic request. When the Information Services Division of the Clerk's Office runs the nightly term bill, all of the day's docketed filing fees should appear on the report which is used to bill Orange County. The particular entries by the State Attorney's Office did not appear on that day's term billing report for which they were docketed.

We Recommend the Circuit Criminal Division works with the Information Services Division to ensure that all criminal case subpoenas issued via electronic request are properly charged on the Criminal Daily Charges/Fee Summary report.



Status:

Implemented. The Technology Services Division (previously Information Services Division) corrected the problem by running an additional report to be used by Financial Services to ensure the number of subpoenas issued were correct.

16. The Clerk’s Office Should Pursue an Agreement With Orange County Regarding Monthly Reimbursements on the Term Bill

Orange County reimburses the Clerk’s Office for court filing and docket fees on the monthly term bills. The term bill includes charges for criminal, juvenile, and circuit civil indigent actions. Section 28.241(2), Florida Statutes, indicates a clerk who operates his or her office from fees and service charges shall be paid by the county for all services performed in any criminal or juvenile action or proceeding in such court. Also, section 57.081, Florida Statutes, states that any indigent person shall receive services by the clerk without charge. However, we could not locate any law specifically stating that the Clerk’s Office can charge the County for circuit civil indigent actions. An agreement between the two would define the rights, duties, and responsibilities of both parties involved and provide Orange County the authority to reimburse the Clerk’s Office for circuit civil indigent fees.

We Recommend the Clerk’s Office pursues an agreement with Orange County regarding monthly reimbursements of circuit civil indigent fees on the term bill.

Status:

Not Applicable. Inquiries with the Clerk’s Office Legal Counsel indicated the decision to pursue an agreement with Orange County regarding monthly reimbursements of circuit civil indigent fees on the term bill will be postponed until the outcome and details of Revision 7 are finalized by the State of Florida. Revision 7 amends Article V of the Florida

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Constitution and will make significant changes in the way the Florida courts are to be funded. As such, the previous recommendation may no longer be applicable; and no further follow-up was conducted at this time.