

Hernando County Clerk of Circuit Court & Comptroller  
Audit Services Department  
Audit Report  
Of  
<<<Clerk of Circuit Court and Comptroller Office Transition>>>  
May 8, 2019

## MANAGEMENT LETTER

**TO:** The Honorable Doug Chorvat, Jr., Clerk of Circuit Court and Comptroller

**FROM:** Elizabeth Hogan, CIA, CFE Director of Audit Services 

**DATE:** May 8, 2019

**SUBJECT:** Clerk of Circuit Court and Comptroller Office Transition

In compliance with the Audit Services Department's approved Audit Projects Schedule, the Internal Audit Team conducted an audit of Clerk of Circuit Court & Comptroller Office Transition. The objectives of the audit were to determine that cash, investments and financial paper were properly conveyed; tangible personal property and court evidence were controlled; and internal controls were adequately designed and operating effectively. Based on testing, observations, and communications with key personnel, the audit team produced the attached report for your review.

The purpose of this report is to furnish the newly-elected Clerk of Circuit Court and Comptroller independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the Internal Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The courtesies and cooperation extended by employees of the various departments during the audit were sincerely appreciated.

If you have any questions, concerns, or need additional information in regard to the above or the attached report, please do not hesitate to contact Audit Services at (352) 540-6589, or just stop by my office in Room 362.

**ATTACHMENT**

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# Executive Summary

## BACKGROUND INFORMATION

The office of the Clerk of Circuit Court and Comptroller provides a system of checks and balances at the county level. The Florida Constitution and Florida Statute Chapter 28 govern the establishment and role of the Clerk of Circuit Court and Comptroller. The Florida Constitution states "There shall be in each county a clerk of the circuit court ...". Florida Statute Chapter 28 Clerks of Circuit Courts, addresses the duties of the Clerk of Circuit Courts. Some of those duties include Clerk to Circuit and County Courts, Official Records Keeper, County Accountant, County Auditor, Ex-Officio Clerk to the Board of County Commissioners (BOCC) and Clerk to the Value Adjustment Board (VAB).

## OBJECTIVE

The Audit Services Department conducted an audit of the Clerk of Circuit Court and Comptroller Office Transition. This audit was included in the fiscal year (FY) 2018/2019 audit plan.

The objectives of our audit were based on the Florida Court Clerks and Comptrollers Association's Financial Checklist for Transition of Office. The objectives of the audit were to determine that:

1. Cash on hand, cash in bank, investments, and financial paper were properly accounted for and conveyed
2. Tangible personal property was properly accounted for and conveyed
3. Court case evidence items were properly accounted for and controlled
4. System permission rights of the predecessor Clerk of Court & Comptroller were disabled
5. Purchasing Card Account of the predecessor Clerk of Court & Comptroller was terminated

## SCOPE

The audit period was as of January 7, 2019; however, the review of processes and transactions was not necessarily limited to that period.

To meet the audit objectives the following audit procedures were performed: reviews of policies and procedures regarding the duties of the Clerk; interviews of personnel; and tests of cash, tangible personal property, and court evidence to verify the amounts, the existence, and the accuracy of records.

Scope Limitation: The scope of the audit did not include testing of items that fall under the Clerk of Circuit Court and Comptroller's role as Ex officio Clerk to the BOCC and the VAB.

## OVERALL CONCLUSION

It was determined that cash on hand, cash in bank, investments and financial papers were properly accounted for and conveyed. The Clerk of Circuit Court and Comptroller's tangible property was adequately controlled and conveyed. The controls over the custody of court evidence were adequate. The cutoff and transfer of court cases, official records, checks, and receipts were handled effectively. The predecessor Clerk of Court & Comptroller's system access rights were properly disabled. Lastly, the predecessor Clerk of Court & Comptroller's Purchasing Card Account was terminated.

## Acknowledgement

Other minor findings not included in the attached report were communicated to management and/or corrected during fieldwork.

Fieldwork was performed by: Kayla Liberato-Berdon, Former Assistant Auditor  
Elizabeth Hogan, Director of Audit Services

Assistance was provided by: Frances Pioszak, Assistant Director of Financial Services  
Fran Hallett, Banking Administrator  
Jeff Gordon, Clerk Accounting Supervisor  
Amy Stephens, Courtroom Services Supervisor  
Lauren Lee, Former Civil Supervisor  
Bridget Brandhuber, Courtroom Services Clerk II  
Barbara Bartolomeo, Civil Clerk II  
Franki Micheo, Applications Analyst

This report was reviewed and authorized by Doug Chorvat Jr., Clerk of Circuit Court and Comptroller.

  
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Doug Chorvat Jr., Clerk of Circuit Court and Comptroller

5-8-19  
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Date

## Cash and Investments

Schedule of Cash and Investments  
Clerk of Circuit Court and Comptroller  
As of January 7, 2019

### Account/Institution

SunTrust Bank	\$ 2,650,280.43
FL Prime/State Board of Administration (SBA)	2,510,725.40
FL Class	1,555,469.74
FL Trust Day to Day Fund	352,189.98
FL Trust Short Term	1,413,917.24
1/3/2019 Deposits In-Transit to Bank	146,747.84
1/4/2019 Deposits In-Transit to Bank	40,165.89
Total Cash On-hand 1/7/2019	<u>35,920.09</u>
<b>Total Funds</b>	<b><u>\$ 8,705,416.61</u></b>

Schedule of Cash and Investments  
Clerk of Circuit Court and Comptroller for Board of County Commissioners  
As of January 7, 2019

### Account/Institution

SunTrust Bank	\$32,489,517.30
FL Prime/State Board of Administration (SBA)	41,124,367.48
FL Class	26,077,962.56
FL Trust Day to Day Fund	1,006,313.59
FL Trust Short Term	27,391,870.56
SunTrust Custodial Portfolio 1-3 yr. Market Value	57,115,604.09
SunTrust Custodial Portfolio 1-5 yr. Market Value	<u>66,688,355.58</u>
<b>Total Funds</b>	<b><u>\$251,893,991.16</u></b>

To provide some level of assurance that the Clerk of Circuit Court and Comptroller's Cash and Investment Balances were properly accounted for and conveyed, the Audit Team obtained source documentation to confirm the account balances as of 1/7/2019.

In addition, the Audit Team confirmed that the signature documents for all accounts removed the predecessor Clerk of Circuit Court & Comptroller's signatory authorization and added the newly elected Clerk of Circuit Court & Comptroller as an account signer.

**Petty Cash/Change Funds**

Clerk of Circuit Court and Comptroller

Number of Petty Cash/Change Funds	43
Total Petty Cash/Change Funds	\$9,075.00

To provide some level of assurance that all Clerk cash funds, used for petty cash or change, are physically located at the departments indicated on the Financial Services Department's "Petty Cash/Change Drawer Custodians" listing for FY 2018/2019 and the assigned fund custodians are those stated on this listing, all Clerk of Circuit Court and Comptroller Petty Cash/Change Funds were counted on January 7, 2019.

The physical count of the 43 Petty Cash/Change funds did not disclose any material cash shortages. Therefore, it appears that the internal controls in place at the time of the audit were adequate and operating effectively.

**Tangible Property**

Number of Items	152
Net Book Value	\$488,191.51
Initial Cost	\$1,074,555.71

To determine that the Clerk of Circuit Court and Comptroller's Tangible Property was adequately accounted for and controlled, a fixed asset inventory of furniture and equipment was conducted in December 2018 by the Administrative Services Department's Purchasing and Property Control Clerk. All of the items were located by the Purchasing and Property Control Clerk.

In addition to the inventory performed by the Administrative Services Department staff, the Audit Team selected a random sample of 30 items, or 19.74% of the total number of fixed assets, to provide some level of assurance that fixed asset items are physically located at the place indicated in the Administrative Services Department's records, the fixed asset number on each item agrees with the Administrative Services Department's record, and the item's description as indicated in the Administrative Services Department's record is representative of the actual item.

The Audit Team confirmed that the fixed asset item numbers, locations and descriptions materially agreed to the Administrative Services Department's record. Therefore, it appears that at the time of the audit, all fixed assets were properly accounted for and conveyed.

## Civil and Criminal Court Evidence

To assess the controls in place to safeguard court evidence items, the Audit Team conducted inventories of Civil and Criminal Court Evidence and observed internal control procedures. Both inventories were conducted in December 2018.

The Audit Team electronically obtained the Clericus case evidence data from the Information Technology Department. The data was provided as of December 11, 2018.

The following information was confirmed for each item:

- Location
- Case Number
- Exhibit Number
- Party
- Evidence Description

To perform the inventories, the Audit Team worked with two representatives from the Civil Department and two representatives from the Criminal Department. The two departmental representatives had the opposing keys to enable access to each of the evidence vaults.

### Civil Court Records Evidence Inventory

Number of Evidence Items 8,235

The Audit Team imported the Clericus case maintenance system data into IDEA data analytic software and randomly selected a sample of 824 (or 10.00% of the population) civil evidence items.

### Criminal Court Records Evidence Inventory

Number of Evidence Items 4,247

The Audit Team inventoried 100% of Criminal Case Evidence items.

All 824 Civil Court Case and 4,247 Criminal Court Case evidence items were properly accounted for. Evidence items in the custody of the Clerk of Circuit Court and Comptroller were in an approved, secure location. All locations were well organized.

Although all items were accounted for, the inventory did disclose some recordkeeping entries that required correction. It did not appear that these recordkeeping items were the result of a breakdown in internal controls. For example, due to the installation of air conditioning units in the evidence vaults, evidence items were moved to a different shelf; however, the Clericus case maintenance system was not updated. Because the containers clearly identified the contents, the Audit Team did not have a difficult time locating these items.

All recordkeeping entries were corrected prior to the completion of fieldwork.

Overall, internal controls regarding both Civil and Criminal case evidence items, in place at the time of the audit, appeared to be adequate and operating effectively.

## Cut-off Document Numbers

### Clerk of Circuit Court and Comptroller Cut-Off as of January 7, 2019

Based on the key documents reviewed, the Audit Team determined that the document numbers listed below were the final transactions authorized and recorded while the predecessor Clerk of the Circuit Court and Comptroller was in office.

### Financial Paper

The financial transactions listed below were the final transactions authorized by the predecessor Clerk of the Circuit Court and Comptroller.

Purchase Order #	5777
Accounts Payable Check #	109333
Payroll Check #	8589/V61732
Journal Entry #	190331

### Court Case Numbers

Below are the final court cases that were entered while the predecessor Clerk of Circuit Court and Comptroller was in office and the first case numbers that were filed under the newly-elected Clerk of Circuit Court and Comptroller.

Last Case # Filed/Received under Predecessor Clerk of Court & Comptroller	First Case # Filed/Received under newly elected Clerk of Court & Comptroller
19000019CAAXMX	19000020CAAXMX
19000034CCAXMX	19000035CCAXMX
19000059SCAXMX	19000060SCAXMX
19000002GAAXMX	19000003GAAXMX
19000052MHAXMX	19000053MHAXMX
19000012CPAXMX	19000013CPAXMX
19000034DRAXMX	19000035DRAXMX
19000001DPAXMX	19000002DPAXMX
19000005CJAXMX	19000006CJAXMX
19000053CFAXMX	19000054CFAXMX
19000363TRAXMX	19000364TRAXMX
19000109INAXMX	19000110INAXMX

### Official Record Numbers

Below are the book and page for the final Official Record recorded while the predecessor Clerk of Circuit Court and Comptroller was in office and the book and page for the first Official Record recorded under the newly-elected Clerk of Court & Comptroller.

Last Official Record Recorded under the Predecessor Clerk of Court & Comptroller	First Official Record Recorded under the newly elected Clerk of Court & Comptroller
Book 3659 Page 917	Book 3659 Page 919

### **System Permission Rights**

The Audit Team verified that the predecessor Clerk of Circuit Court and Comptroller's system permission rights were properly disabled at the time of the transition.

### **Purchasing Card Account**

The Audit Team verified that the predecessor Clerk of Circuit Court and Comptroller's Purchasing Card (P-Card) Account was terminated in the Bank of America system.