

MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DIVISION  
JUDICIAL OPERATIONS  
FUNDED BY THE BOARD OF COUNTY COMMISSIONERS  
A U D I T R E P O R T

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MANATEE COUNTY CLERK OF THE CIRCUIT COURT  
INTERNAL AUDIT DIVISION

## JUDICIAL OPERATIONS

FUNDED BY THE BOARD OF COUNTY COMMISSIONERS

AS OF MAY 31, 1996

### **A U D I T R E P O R T**

A financial, compliance, and operational audit of Manatee County 's Judicial Operations funded by the Board of County Commissioners was conducted by the Internal Audit Division for the audit period April 1, 1995 through May 31, 1996. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors.

#### **BACKGROUND:**

Manatee County is part of the Twelfth Judicial Circuit together with Sarasota and DeSoto Counties. The Twelfth Judicial Circuit is administered by a Court Administrator. The Office of the Court Administrator is responsible for the day-to-day operations of every courtroom and court programs of the Twelfth Judicial Circuit. Manatee County's Board of County Commissioners provides funding for court administration services in Manatee County. These services include but are not limited to:

Guardian Ad Litem

Citizen Dispute Mediation

Family Mediation

Court Reporting

Child Support Hearing Officer

Family Law Intake

Manatee County is statutorily responsible for funding court costs and attorney's fees relating to criminal cases for indigent defendants. In addition, the County provides office space and pays operational expenses for Circuit and County Judges and their supporting staff located in Manatee County.

#### **PURPOSE/OBJECTIVE:**

The main audit objectives included, but are not limited to, the following:

- To verify accuracy and input timeliness of financial data, and reports processed and received by the Judicial Operations.
  
- To verify an adequate system of internal control exists to safeguard assets, maintain the integrity of reports on operations, and provide adequate evaluation of the Judicial Operation's objectives and responsibilities.

- To verify compliance with significant laws and regulations, including Florida Statutes, federal regulations, ordinances, resolutions, policies, and signed agreements or contracts related to the Judicial Operations.
- To evaluate operational efficiency and effectiveness.

### **SCOPE:**

Judicial Operations funded by the Board of County Commissioners includes Court Administration, the State Attorney and Public Defender's Offices. Internal Audit's scope was limited to operations of Court Administration and reimbursements by Manatee County of certain expenditures incurred by the State Attorney and Public Defender's Offices.

The financial audit scope consisted of a review of accounts, financial transactions, and reports of the Judicial Operations for the period April 1, 1995 through May 31, 1996.

The compliance audit scope consisted of a review of the policies and procedures, Florida Statutes, federal regulations, ordinances, resolutions, contracts, administrative orders and agreements related to the Judicial Operations funded by the Board of County Commissioners for the period April 1, 1995 through March 31, 1996.

The operational audit scope consisted of a review of the Judicial Operations's internal controls and the effectiveness and efficiency of the operation during the audit period April 1, 1995 through March 31, 1996. Management controls were also reviewed to identify significant weaknesses that may have contributed to deficient performance.

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### **METHODOLOGY:**

Internal control evaluations were accomplished by flow charting key operations, discussions with management and staff, observations, and analytical and substantive testing of individual internal controls.

Risk analysis was used to establish priorities of audit objectives. Statistical sampling was used whenever appropriate to accomplish audit objectives.

### **IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:**

No indications of irregularities, abuse, or illegal acts were discovered during the audit that could affect the Judicial Operations funded by the Board of County Commissioners for the audit period ended May 31, 1996.

### **TEST OF COMPLIANCE:**

Internal Audit tested compliance with certain laws and regulations, obtained an understanding of internal controls, and assessed control risk. Tests performed appeared to provide sufficient evidence to support an opinion on compliance and internal controls.

Except as noted in our audit report, tested items were in compliance with significant laws, regulations, and internal controls that included Florida Statutes, ordinances, resolutions, personnel policies, administrative orders, and other policies established by the Judicial Operations funded by the Board of County Commissioners and other applicable laws and regulations.

#### **STATEMENT ON INTERNAL CONTROL STRUCTURE:**

In planning and performing our audit of the Judicial Operations funded by the Board of County Commissioners for the period April 1, 1995 through May 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of our report on the Judicial Operations. As a result, we noted in the audit report any significant matters involving the internal control structure and its operations that we consider to be reportable conditions under standards established by the U.S. General Accounting Office, *Government Auditing Standards*. Reportable conditions involve matters relating to significant deficiencies in the design or operation of the internal control structure, that in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with the intent of management.

#### **STATEMENT ON INTERNAL CONTROL STRUCTURE: (Continued)**

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, as defined above. In addition, because of the inherent limitations in any internal control structure, significant deficiencies in the design or operation of the internal control structure may exist and not be detected. We believe the conditions identified in our audit report constitute reportable conditions as previously defined.

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#### **MANAGEMENT SUMMARY:**

**Manatee County is part of the Twelfth Judicial Circuit. The Court Administrator, located in Sarasota County, appointed a Deputy Court Administrator to oversee operations in Manatee County. Internal Audit reviewed the operations of the Court Administrator's office in Manatee County and noted a few areas that require improvement. The areas of improvement noted in our audit report were not significant to the overall operations of the Court Administrator's office in Manatee County. All of the programs supervised by the office are well-staffed and run by professional individuals. Recently a new Deputy Court Administrator was hired for Manatee County. It is expected that with his experience and knowledge, together with participation of the Chief Judge, the Court Administrator, and the Office of the Clerk of the Circuit Court, Internal Audit's recommendations will result in more efficient operations.**

**Internal Audit found that specific guidelines do not exist for using foreign language interpreters, and specific rates have not been established for using foreign language or deaf interpreters. In addition, no rates or guidelines exist for using videotaping services. Internal Audit also found that expert witness fees were not being paid in compliance with the guidelines and rates established in Administrative Order 92-14. In this report we recommend guidelines be established to reflect procedures for paying expenditures for interpreter services, videotaping services, expert witness fees, and any other type of regularly incurred court cost. (See Detailed Audit Finding #1, at Page 8)**

Internal Audit tested court-related expenditures paid by Manatee County. We found some of the court costs authorized by judges' orders and paid by the County were not required by laws and regulations to be paid by Manatee County. As of May 14, 1996 through Resolution 96-121, the Clerk of the Circuit Court will be responsible for reviewing, approving and making payments on all court costs. In this report we recommend the Court of the Circuit Court develop and implement policies and procedures for paying court-related costs to ensure compliance with all Florida Statutes, administrative orders, and other related regulations. (See Detailed Audit Finding #2, at Page 9)

**MANAGEMENT SUMMARY:**

Internal Audit found Court Administration is not always complying with the Manatee County Procurement Code for purchases under \$500 made on Direct Expenditure Vouchers (DEV). Exceptions included splitting DEV's to circumvent the purchase order process, purchases made without adequate separation of duties, incomplete documentation, and competition not obtained on DEV purchases. In this report we recommend management strictly adhere to the County's procurement code by obtaining and documenting competitive quotes for small purchases. We also recommend departmental procedures be developed and implemented to ensure that adequate separation of duties exist. (See Detailed Audit Finding #3, at Page 11)

Internal Audit found Court Administration is not in compliance with certain Florida Statutes, administrative orders and Rules of Judicial Administration. In this report we recommend that procedures be implement to ensure compliance with applicable laws and regulations. (See Detailed Audit Finding #4, at Page 12)

Internal Audit found that compliance with record retention requirements can not be assured when outside court reporting firms are used. In this report we recommend Court Administration obtain formal agreements with private court reporting firms that include the requirements for retaining the stenographic disks and notes for a period of time dictated by record retention law. (See Detailed Audit Finding #5, at Page 13)

Internal Audit found policies and procedures have not been established for day-to-day operations of the Deputy Court Administrator's office in Manatee County. In addition, policies and procedures have not been established for all programs under the Deputy Court Administrator. We also found the Deputy Court Administrator in Manatee County did not have a complete set of administrative orders. A set of administrative orders is maintained by the Court Administrator in Sarasota County, however, to search for a specific administrative order is currently a time consuming and inefficient process. In this report we recommend Court Administration develop and distribute policies and procedures for the day-to day operations of the Deputy Court Administrator in Manatee County. We also recommend specific policies and procedures be developed for each area in Court Administration. We further recommend administrative orders be codified and distributed to Deputy Court Administrators' offices. (See Detailed Audit Finding #6, at Page 14)

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### **AUDIT REPORT AUTHORIZATION:**

Other minor findings, not included in this report, have been communicated with management or corrected during the audit. We would like to thank the Judicial Operations' personnel and management for the cooperation and courtesy afforded to our auditors throughout the audit.

This audit report has been reviewed and authorized by :

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Richard J. Orienti, CIA, CFE R. B. "Chips" Shore

Director of Internal Audit Clerk of the Circuit Court

### **DETAILED AUDIT FINDINGS**

Internal Audit found that specific guidelines do not exist for using foreign language interpreters, and specific rates have not been established for using foreign language or deaf interpreters. In addition, no rates or guidelines exist for using videotaping services. This has resulted in inconsistent amounts being paid for these services.

Internal Audit also found that expert witness fees were not being paid in compliance with the guidelines and rates established in Administrative Order 92-14. A judgmental sample of expert witness fee expenditures noted the following types of exceptions:

A. Amounts paid exceeded the authorized rates established by Administrative Order 92-14.

B. Mileage expense for expert witness fees was not addressed by Administrative Order 92-14 and was sometimes paid.

C. Administrative Order 92-14 requires prior approval of expert witnesses that was not always obtained.

**Internal Audit recommends guidelines be established to reflect procedures for paying expenditures for interpreter services, videotaping services, expert witness fees, and any other type of regularly incurred court cost.**

### **DETAILED AUDIT FINDINGS**

Internal Audit tested court-related expenditures paid by Manatee County and the following exceptions were noted:

A. 11 out of 140 or 7.9% of expenditures tested for court costs, attorney fees, and guardianship services were paid by the County without being required by Florida Statutes, administrative orders or any other related regulations.

B. 8 out of 140 or 5.7% of expenditures tested for court costs, attorney fees, and guardianship services lacked sufficient documentation to determine whether they were appropriate, the proper amount paid, and/or in compliance with Florida Statutes, administrative orders or any other related regulations.

C. 33 out of 74 or 44.6% of expenditures tested for court reporter services (in-court appearances and transcripts) exceeded the rates established in Administrative Order 90-60.

D. 17 out of 74 or 23% of expenditures tested for court reporter services (in-court appearances and transcripts) lacked documentation necessary to determine whether the amounts charged and paid by the County were correct.

E. 15 out of 117 or 12.8% of expenditures tested for court reporter services (depositions and transcripts) included billings with extra minor charges not authorized in Administrative Order 90-60 such as postage, copies, deliveries, handling, and signature fees.

F. 6 out of 117 or 5.1% of expenditures tested for court reporter services (depositions and transcripts) exceeded the rates established in Administrative Order 90-60.

#### DETAILED AUDIT FINDINGS - Continued

All the costs examined were deemed to be necessary expenditures and authorized by judges' orders. Effective May 14, 1996 the Board of County Commissioners passed and adopted Resolution 96-121, authorizing the Clerk of the Circuit Court to review, approve, and make payments on all court costs, limited to amounts set forth in applicable Florida Statutes, administrative orders or any other related regulations. Since this change, the Clerk of the Circuit Court is developing procedures to ensure court costs paid by Manatee County comply with laws and regulations.

**Internal Audit recommends that the Clerk of the Circuit Court develop and implement policies and procedures for paying court-related costs to ensure compliance with all Florida Statutes, administrative orders, and other related regulations.**

*While Court Administration has budgetary responsibility for the court-related costs, assuring compliance with established guidelines is now the responsibility of the Clerk of the Circuit Court.*

*This is an informational finding to the Board of County Commissioners and the Clerk of the Circuit Court and no response from Court Administration will be required.*

#### DETAILED AUDIT FINDINGS

Internal Audit tested Direct Expenditure Voucher (DEV) purchases made by Court Administration for the period June 1, 1995 through May 31, 1996. The voucher packages were reviewed to verify the expenditures appeared reasonable and were properly documented and approved. Internal Audit also reviewed the list of vendors used for DEV purchases to ensure purchases were not split to circumvent the purchase order process. The following exceptions were noted:

- A. Many purchases were made to the same vendors during the audit period. Examination of the documentation supporting those purchases indicated that purchases were split on DEV's to circumvent the purchase order process.
- B. Purchases were made without adequate separation of duties by having the same employee receive and authorize a purchase.
- C. Billings for repair service and maintenance (labor only) included charges for freight.
- D. Documentation was incomplete for receipt of purchased items and authorization for travel.
- E. Some approval for out-of-county travel was not obtained prior to the travel as required by the procurement code.
- F. Competition was neither obtained nor documented on DEV purchases.

**Internal audit recommends management strictly adhere to the County's procurement code by obtaining and documenting competitive quotes for small purchases. When competition is not required due to sole source purchasing or other acceptable reasons, written documentation is required to support the selection of the vendor. We also recommend departmental procedures be developed and implemented to ensure that adequate separation of duties exist.**

#### DETAILED AUDIT FINDINGS

Internal Audit reviewed Florida Statutes, Administrative Orders, and grant agreements as they pertain to Court Administration. Internal Audit noted the following areas of non-compliance and recommendations to ensure future compliance:

- A. Florida Statute 925.037 and Administrative Order ACC-82-07A require the establishment of a Circuit Conflict Committee to select and approve attorneys for all conflict case appointments for the circuit. Internal Audit could not find evidence that such a committee has been established. Internal Audit is aware that this is the responsibility of the circuit as a whole, not just the Court Administration office in Manatee County.

**Internal Audit recommends the Twelfth Judicial Circuit establish a Circuit Conflict Committee to comply with F.S. 925.037 and Administrative Order ACC-82-07A.**

B. The Court Reporting Plan established for the Twelfth Judicial Circuit has not been approved or implemented as required by the requirements of Rule 2.070, Rules of Judicial Administration, included in the Grant-in-Aid Agreement for Court Reporting Services.

**Internal Audit recommends the Court Reporting Plan for the Twelfth Judicial Circuit be approved and implemented by administrative order of the Chief Judge of the circuit.**

#### DETAILED AUDIT FINDINGS

Private court reporting firms are often used for in-court appearances and depositions. These firms maintain original stenographic disks and notes, and these records are considered the property of the court reporting firms. Internal Audit believes that these records are an operational record of the courts and therefore, are subject to record retention requirements. Internal Audit found controls do not exist to ensure that when outside court reporting firms are hired, that such records are retained for the required time period.

**Internal Audit recommends Court Administration obtain formal agreements with private court reporting firms that include the requirements for retaining the stenographic disks and notes for a period of time dictated by record retention law.**

#### DETAILED AUDIT FINDINGS

Policies and procedures provide guidance to employees in the performance of their duties and assist in the training of new employees. Internal Audit found policies and procedures have not been established for day-to-day operations of the Deputy Court Administrator in Manatee County. In addition, we did not find policies and procedures for the following programs: Family Mediation, Court Reporting, Family Law Intake, and the Child Support Hearing Officer.

Administrative orders are issued by the Chief Judge to establish policies and rules for court-related activities throughout the circuit. Internal Audit found the Deputy Court Administrator's office in Manatee County did not have a complete set of administrative orders. While a complete set is maintained in the Court Administrator's office in Sarasota, to search for a specific administrative order is a time consuming and inefficient process. By codifying the administrative orders and distributing them to the Deputy Court Administrators' offices, the local offices will have the ability to access, research, and ensure compliance with all administrative orders.

**Internal Audit recommends Court Administration develop and distribute policies and procedures for the day-to day operations of the Deputy Court Administrator in Manatee County. We also recommend specific policies and procedures be developed for each area in Court Administration to provide guidance to their employees. We further recommend administrative orders be codified and distributed.**

### MEMORANDUM

**DATE:** February 3, 1997

**TO:** Honorable R. B. "Chips" Shore, Clerk of the Circuit Court

**FROM:** Honorable Andrew D. Owens, Jr., Chief Judge,

Twelfth Judicial Circuit

**SUBJECT:** Response to Draft Audit Report

Enclosed is a written response to the draft copy of the Audit Report for Judicial Operations Funded by the Board of County Commissioners performed as of May 31, 1996.

Please review the responses and include them with the final draft report.

I appreciate the hard work and thoroughness put into the audit and look forward to working with you to implement many of the recommendations presented.

If you have any questions regarding this response, please feel free to contact me.

/jp

Enclosure

Cc: Richard Orienti, Director of Internal Audit

- 1.
2. SPECIFIC GUIDELINES AND RATES HAVE NOT BEEN ESTABLISHED TO PAY FOR INTERPRETER AND VIDEOTAPING SERVICES. IN ADDITION, GUIDELINES AND RATES ESTABLISHED FOR EXPERT WITNESS FEES ARE NOT BEING COMPLIED WITH, RESULTING IN CONSISTENCIES IN PAYMENTS.

RESPONSE TO FINDINGS:

The Court Administrator's office recognized the importance of internal controls and guidelines to safeguard the public's trust. Florida Statutes, Rules of Court and Administrative Orders will be closely monitored for compliance.

Departmental Policies and Procedures will be developed and implemented when deemed necessary by the Chief Judge of the Circuit to effectuate mandated authority and to enhance the efficient and proper administration of all courts within the circuit.

2. SOME OF THE COURT COSTS AUTHORIZED BY JUDGES' ORDERS AND PAID BY THE COUNTY WERE NOT REQUIRED BY LAWS AND REGULATIONS TO BE PAID BY MANATEE COUNTY.

RESPONSE TO FINDINGS:

The Court Administrator's office supports internal audit's recommendation that the Clerk of the Circuit Court develop and implement Policies and Procedures for paying court related costs to ensure compliance with all regulatory authorities.

- 3.
4. COURT ADMINISTRATION IS NOT ALWAYS COMPLYING WITH THE MANATEE COUNTY PROCUREMENT CODE FOR PURCHASES UNDER \$500 MADE ON DIRECT EXPENDITURE VOUCHERS.

RESPONSE TO FINDINGS:

The Court Administrator's office supports the maximization of the purchasing value of public funds in procurement, as well as the provisions of safeguards for maintaining a procurement system of quality and integrity. Standards and regulations established in the county procurement code will be strictly adhered to by Court Administration.

The Court Administrator's office appreciates the guidance and assistance provided by the Clerk of the Circuit Court during the recent transition in management.

5. COURT ADMINISTRATION IS NOT IN COMPLIANCE WITH CERTAIN FLORIDA STATUTES, ADMINISTRATIVE ORDERS AND RULES OF JUDICIAL ADMINISTRATION.

RESPONSE TO FINDINGS:

The Court Administrator's office is committed to compliance with all Florida Statutes, Administrative Orders and Rules of Court. It is the intention that the selection and approval of attorney's for conflict case appointments comply with the requirements of Florida Statute 925.037(3).

It is also anticipated that a Court Reporting plan will be approved and implemented pursuant to Florida Rule of Judicial Administration 2.070.

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6. COMPLIANCE WITH RECORD RETENTION REQUIREMENTS CAN NOT BE ASSURED WHEN OUTSIDE COURT REPORTING FIRMS ARE USED.

RESPONSE TO FINDINGS:

The Court Administrator's office recognized Internal Audit's concern with ensuring record retention requirements by private Court Reporting firms. It is anticipated that the Court Reporting plan will address record retention requirements.

Additionally, rule 2.070(h), Rules of Judicial Administration, provides that a Court Reporter is an officer of the Court for all purposes while acting as a reporter in a judicial proceeding or discovery proceeding. The Court Reporter shall comply with all rules and statutes governing the proceeding that are applicable to Court Reporters.

Consequently, Court Reporters, as officers of the Court, are required to comply with Rule 2.075(e), Rules of Judicial Administration, which provides that Court Reporters or persons acting as Court Reporters for judicial or discovery proceedings shall retain the original notes or electronic records of the proceedings until the times specified by rule.

7. POLICIES AND PROCEDURES DO NOT EXIST FOR THE DAY-TO-DAY OPERATIONS OF THE DEPUTY COURT ADMINISTRATOR'S OFFICE IN MANATEE COUNTY. IN ADDITION, ACCESS TO ADMINISTRATIVE ORDERS ISSUED FOR THE TWELFTH JUDICIAL CIRCUIT ARE NOT PHYSICALLY IN MANATEE COUNTY AND ARE NOT ADEQUATELY ORGANIZED TO FACILITATE THEIR RESEARCH.

RESPONSE TO FINDINGS:

The Court Administrator's office recognizes the importance of internal controls and guidelines to create an efficient environment for management of The Courts and to safeguard the public's trust.

Standard operating procedures for court-related programs will be evaluated and implemented as needed. It is anticipated that all administrative orders will be received, updated and codified in the near future.