

**CLERK & COMPTROLLER
PALM BEACH COUNTY
NORTH COUNTY BRANCH AUDIT**



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Palm Beach County

Division of Inspector General

Audit Services Unit

September 30, 2014



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The Honorable Sharon R. Bock, Esq.
Clerk & Comptroller

We conducted an audit of the North County Branch, which was included on the annual audit plan.

The objectives were to: perform a risk assessment to identify the risks and vulnerabilities, evaluate the overall effectiveness and efficiency of the North County processes and related internal controls to mitigate the risks, verify compliance with pertinent laws and regulations as well as established policies, and compare processes with accepted standards and best practices.

Our audit was neither designed nor intended to be a detailed study of every process, procedure, transaction or system in each area. Accordingly, the observations and recommendations included in this report are not all-inclusive.

The audit disclosed that the North County Branch operations were well-controlled, with only one observation reported. Guardianship accountings and inventories received were not audited within the 90 day timeframe required by Florida Statutes.

We appreciate the cooperation of management and staff during the course of this audit.

Respectfully submitted,

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Inspector General
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cc: Cindy Guerra, Chief Operating Officer Courts and Official Records

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Executive Summary

An audit of the North County Branch was performed by the Clerk & Comptroller's Division of Inspector General. This regularly scheduled audit was included on the annual audit plan.

The North County Branch provides a full range of Clerk services to customers including initiating and updating civil and criminal cases, processing payments, providing documents and court services to hearings and trials, and various other services.

The objectives were to: perform a risk assessment to identify risks and vulnerabilities impacting the processes, evaluate the overall effectiveness and efficiency of the processes and related internal controls to mitigate the risks, verify compliance with pertinent laws and regulations as well as established policies, and compare processes with accepted standards and best practices.

The audit disclosed that the North County Branch operations were well-controlled, with only one observation reported. Guardianship accountings and inventories received were not audited within the 90 day timeframe required by Florida Statutes.

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Introduction

Overall Conclusion

The audit disclosed that the North County Branch operations were well-controlled, with only one observation reported. Guardianship accountings and inventories received were not audited within the 90 day timeframe required by Florida Statutes.

Objectives, Scope and Methodology

The Clerk's Audit Services Unit of the Division of Inspector General conducted an audit of the core functions within the North County Branch. This regularly scheduled audit was included on the annual audit plan.

The objectives were to: perform a risk assessment to identify risks and vulnerabilities impacting the processes, evaluate the overall effectiveness and efficiency of the processes and related internal controls to mitigate the risks, verify compliance with pertinent laws and regulations as well as established policies, and compare processes with accepted standards and best practices. The initial risk assessment included Criminal and Civil Court Operations.

In order to meet these objectives, we conducted interviews and reviewed departmental policies and procedures. We identified the pertinent Florida Statutes and other laws and regulations. We performed a risk assessment of the North County Branch core functions by documenting workflows and activities, identifying key risks, and evaluating the adequacy of the internal control environment to mitigate the risks identified. We conducted testing of select internal controls and transactions, focusing on the core Criminal Court processes including customer service and supervisory monitoring. Testing performed covered the period from January 1, 2013 through August 26, 2014. We performed other procedures that were deemed necessary under the circumstances. This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

The North County Branch is the second largest of the Clerk's branch offices. With the exception of Recording services, North County provides a full range of Clerk services to customers. North County personnel are responsible for initiating and updating cases, processing payments, attending court hearings, providing non-case related services (e.g., passports, marriages, VAB petitions), and ancillary duties including cashiering, securing and transferring evidence, and responding to telephone inquiries.

The Branch also operates a self-service center from which customers can obtain legal forms and consultation with contracted attorneys. The Branch accepts Recording documents and related payments and forwards same to the Main Courthouse for processing.

North County Branch employees use several automated applications, in addition to standard office applications, to assist in their work. The applications include Showcase for maintaining criminal case records, Banner Courts system for maintaining civil case records, and Q-flow for assigning customers to appropriate service windows and monitoring service volumes and timeliness. The Florida state e-portal is now in use for electronic filing of pleadings and documents. Conversion of civil case records maintenance to the Showcase system is currently in progress, with anticipated completion in 2015.

The North County Branch is divided into two principal elements: Criminal Court Operations and Civil Court Operations. The branch is supported by one Manager, three supervisors, and 35 supporting staff. The budget for FY 2014 is \$2.4 million, with 97% allocated to departmental employee compensation and benefits.

Audit Team:

Michael Bodle, Senior Internal Auditor

Observations & Recommendations

The audit identified certain policies, procedures and practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the observations and recommendations presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Guardianship accountings and inventories are not timely audited and completed.

FS 744.368 requires the Clerk to audit guardianship accountings and inventories within 90 days of receipt. We noted that substantial volumes of guardianship filings were not processed within this timeframe.

According to North County records (Excel spreadsheet) as of August 26, 2014, 629 accountings and inventories were received that were ready to be audited from January 1, 2013 to August 26, 2014. The status is broken down as follows:

Cases with recorded audit completion	486	(77%)
Cases pending completion – over 90 days	69	(11%)
Cases pending completion – less than 90 days	<u>74</u>	<u>(12%)</u>
Total	<u>629</u>	

Our review of the accountings and inventories with completion dates recorded on the spreadsheet disclosed that 450 of 486 (93%) were not completed within the 90 day timeframe required by Florida Statute. Of the 143 accountings and inventories with no recorded completion date, 69 (48%) are past due.

In addition, 66 of the 486 accountings and inventories with audit completion dates reported correspondence was sent on the "completed" date, but the spreadsheet did not indicate whether a response was received or if the audit was ultimately completed. Further review of nine case files within the Banner system indicated that issues raised in correspondence may not be adequately resolved, potentially due to the large pending workload, as noted below in three cases.

- Correspondence was sent May 13, 2013 questioning expenses totaling \$42,215 that exceeded amounts permitted by existing court orders. The guardian did not timely respond to the letter and the court authorized extensions of time to respond until the guardian filed a petition on October 16, 2013 requesting ratification of these expenses. No order was posted in the case file ratifying these expenditures. Nonetheless, the guardian filed the subsequent year's annual accounting on March 25, 2014. There was no evidence in the file that this new accounting had been audited that was due on June 25, 2014.
- Correspondence sent on February 24, 2014 was only partially addressed in the response dated March 25, 2014. No report of any audit of the accounting was docketed in the Banner case file, and the subsequent year's annual accounting was filed on August 19, 2014.
- Correspondence sent May 30, 2014 questioned a discrepancy in which the current accounting's starting asset balance was \$10,000 less than the immediately preceding accounting's ending balance. By the time the correspondence was sent, the ward became deceased, and a final accounting and request for discharge of the guardian had been filed. The final accounting beginning balance was based on the previously understated accounting's balance with no ratification or explanation of the reduced balance.

Recommendations:

- A. Continue efforts to improve the timeliness of auditing guardianship reports.
- B. Establish a monitoring system for correspondence sent by the branch to help ensure timely follow up when responses are not received and ensure thorough audit completion.

Management Responses:

- A. In a continuous effort to improve the timely audits of guardianship reports, an additional clerk has been cross-trained in the Guardianship area of the North County Branch. With the additional staff, we are happy to report that all audits are current and audits are being completed within the time standards prescribed by Florida statute.
Target Completion Date: Completed

B. Management is researching any existing best practices for methods of monitoring correspondence. Management has also requested that the Inspector General's office share any effective guardianship correspondence monitoring systems it may be aware of from its extensive and nationally recognized work in the area of Guardianship.

Target Completion Date: 11/30/14