

**CLERK & COMPTROLLER  
PALM BEACH COUNTY  
AUDIT OF WEST COUNTY & MID-COUNTY  
BRANCH OFFICES**



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**Division of Inspector General**

**Audit Services Unit**

**September 18, 2015**



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Clerk & Comptroller  
Palm Beach County

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

We conducted an audit of the West County and Mid-County Branch offices. The West County Branch was included on the annual audit plan and the Mid-County Branch was added during the planning process.

The objectives were to: perform a risk assessment to identify the risks and vulnerabilities of the West County and Mid-County Branches, 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.

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 West County and Mid-County Branch office operations were generally effective, efficient and well-controlled, with two observations reported. Documents accepted and related fees collected from customers seeking to record documents into Official Records did not consistently satisfy statutory requirements. Controls over cash recordkeeping and safeguarding required improvement. In addition, there were three other improvement opportunities that did not rise to the level of reportable issues, which were provided to management in a separate memorandum.

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

Respectfully submitted,

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# Executive Summary

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An audit of the West County and Mid-County Branch offices was performed by the Clerk & Comptroller's Division of Inspector General. The West County Branch was included on the annual audit plan and the Mid-County Branch was added during the planning process.

The West County Branch provides a nearly full range (excepting only probate and guardianship services) 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 Mid-County Branch provides a more limited range of services; their principal workload involves handling traffic ticket and other county criminal payments though other services are provided.

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 West County and Mid-County Branch office operations were generally effective, efficient and well-controlled, with two observations reported. Documents accepted and related fees collected from customers seeking to record documents into Official Records did not consistently satisfy statutory requirements. Controls over cash recordkeeping and safeguarding required improvement. In addition, there were three other improvement opportunities that did not rise to the level of reportable issues, which were provided to management in a separate memorandum.

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# Introduction

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## Overall Conclusion

The audit disclosed that the West County and Mid-County Branch office operations were generally effective, efficient and well-controlled, with two observations reported. Documents accepted and related fees collected from customers seeking to record documents into Official Records did not consistently satisfy statutory requirements. Also, controls over cash recordkeeping and safeguarding required improvement.

## 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 West County and Mid-County Branch offices. The West County Branch was included on the annual audit plan and the Mid-County Branch was added during the planning process.

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 West County and Mid-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. Testing performed covered the period from January 1, 2014 through July 31, 2015. 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 West County Branch is divided into two principal elements - Criminal Court Operations and Civil Court Operations – with staff specifically devoted to those two elements. The Mid-County Branch focuses largely on acceptance of traffic infraction and county criminal court payments, with some limited other services, all provided by the same staff.

With the exception of Recording services and Probate and Guardianship services, the West County Branch provides a full range of Clerk services to customers. Specifically, West County personnel are responsible for initiating and updating cases, processing payments, attending court hearings, providing non-case related services (e.g., passports, marriages, Valuation Adjustment Board (VAB) petitions), and ancillary duties including cashiering, securing and transferring evidence, and responding to telephone inquiries. The West County Branch also operates a self-service center from which customers can obtain legal forms and consultation with contracted attorneys. West County accepts documents to be recorded into Official Records, collects the related fees, and forwards the documents and fees to the Main Courthouse for processing.

The Mid-County Branch provides a more limited range of services. Their principal workload involves handling traffic ticket and other county criminal payments. Mid-County also accepts VAB petitions, sells self-service forms and packets, processes marriage license applications, accepts documents for filing in existing county civil cases, and accepts documents (and related fees) to be recorded into Official Records and forwards same to the Main Courthouse for processing.

West County and Mid-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 and Banner Courts system for maintaining civil case records. The Florida state e-portal is now in use for electronic filing of pleadings and documents. The MyFloridaCounty.com website is in use for acceptance of credit card payments. Conversion of civil case records maintenance to the Showcase system is currently in progress, with anticipated completion in early 2016.

The West County and Mid-County Branches are supported by one manager and two supervisors, who provide oversight to both locations, with a total of 16 supporting staff. The two supervisors rotate between West County and Mid-County weekly. The FY 2015 budget for West County and Mid-County is \$919,533 and \$288,950, respectively, with

96% allocated to departmental employee compensation and benefits in each branch office.

**Audit Team:**

Michael Bodle, Senior Internal Auditor

# Observations & Recommendations

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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. Documents accepted for recording into Official Records did not consistently satisfy statutory requirements.

West County and Mid-County accept documents to be recorded into Official Records, collect related fees, and forward the documents and fees to the Main Courthouse Recording Department for processing. The two branch offices began using branch transmittal sheets for recording documents and payments accepted from customers in February 2015. During the months of February through June 2015, a total of 93 transmittals were forwarded from West County and Mid-County. Twelve transmittals contained a total of 15 items that were returned to customers for various reasons. Most (12) of the returns arose because the Recording Department determined the documentation was not sufficient to satisfy statutory recording requirements. In three cases, Recording determined that the fees collected from customers did not satisfy statutory requirements.

West County management stated that they had not been previously advised that the transmittal sheets were expected to be used for this purpose, although the transmittal sheets had been created earlier and modified in July 2008. West County management stated that the transmittals had not been returned by the Recording Department; therefore, West County was not aware of the errors.

A cursory IG review of the branch transmittal sub-folders (in the Operations S drive within the Recording folder) for the North County and South County Branch offices disclosed that 34% and 31%, respectively, of their transmittal sheets included rejected items during calendar year 2015 as of the time of our review. These error rates suggest additional training may be needed for branches to improve their review of documents presented for recording. This need for training will become more significant if the long-

term plan to give branches the responsibility to directly record documents comes to fruition.

**Recommendation:**

- A. Provide additional training to branch office staff to ensure documents and fees presented for recording services are accepted only when in compliance with statutory requirements.

**Management Response:**

A. Agree

1. Recording Department Manager, Tony LoBianco will prepare a Recording training guide that will be rolled out to the branches. The Recording department will also provide training for all branch employees who handle recordings.
2. The Recording department will send weekly notices updating the branch offices as to any documents rejected for recording along with the reason for the rejection.

Target Completion Date: 01/30/2016

## **2. Controls over cash recordkeeping and safeguarding require strengthening.**

Various controls over cash recordkeeping and safeguarding are in place within the West and Mid County Branch offices though additional improvement opportunities were noted.

Our audit of the West County and Mid-County Branches disclosed that adequate controls are generally in place to ensure currency, checks, and credit card payments are accounted for appropriately. For example, dual entry requirements (key and combination) for safes containing the cashier funds were in effect. Individual cashiers adequately secured their cash funds. Security cameras were in place.

Our audit identified the following control observations that require management attention.

- Safe combinations are not changed annually as prescribed by policy. West County management stated that the safe combinations were last changed for the two

branch offices on December 2, 2012. West County management indicated that parts needed to make repairs to the existing safe were not available, and the intent was to purchase a new safe.

- Access to the safe is not consistently recorded as individuals entering the safe are not required to sign a log. However, employee retrieval and return of their cash drawers is recorded in a log.

Our review of the cash reconciliation reports prepared for West County and Mid-County in calendar year 2015 as of June 30, disclosed infrequent non-material errors, with examples provided below.

- West County had 20 (of 302) duplicate cash reconciliation packages where originals were later revised.
- Cash differences were noted in the daily reconciliations, including one \$100 shortage, two other shortages (\$15 and \$5), and one overage (\$5).
- Two deposit slips (one West County Civil, one Mid-County Criminal) had errors in the dollar amount of the checks sent for deposit. It should be noted that no monies were missing.
- One civil reconciliation cover sheet was noted in which the first session number recorded for the daily activity was higher than the last session number recorded – the session numbers were transposed.
- A cash variance of \$20 was annotated resulting from an incorrect count of currency entered into the reconciliation form. No monies were missing.
- Corresponding variances were noted in civil and criminal reconciliations on two occasions where credit card transactions were recorded as criminal instead of civil.
- One date error was noted on an e-filing reconciliation form, with 2014 used instead of 2015.

#### **Recommendations:**

- A. Determine whether to replace the West County safe or make needed repairs to the current safe. Execute the decision to enable the safe combination to be changed. Also, change the Mid-County safe combination.
- B. Consistently record employee access to the safe.
- C. Take the necessary actions to enhance supervisory oversight and employee training to reduce the number of errors in preparing daily cash reconciliations.

**Management Responses:**

- A. Agree. Replacing the West County safe is currently on hold due to funding issues. A practice is being implemented requiring all departments with safes to submit a requisition to have safe combinations changed at the beginning of each fiscal year.  
Target Completion Date: 11/30/2015
  
- B. Agree. We have established a process to record the dates, times and names of individuals entering the safe.  
Target Completion Date: Completed
  
- C. Agree. Supervisors are meeting with cash out/accounting clerks to review cash reconciliation procedures, discuss errors, and review all required reports and forms prior to submission.  
Target Completion Date: Completed