

**CLERK & COMPTROLLER
PALM BEACH COUNTY
CIVIL COURT FORECLOSURE
ASSESSMENTS & DISTRIBUTIONS
SPECIAL REVIEW**



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**Division of Inspector General
Audit Services Unit**

December 14, 2009



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

We conducted a management-requested review of the Civil Court foreclosure assessments & distributions.

Our objectives were to, 1) determine if the Banner Court system assessment and distribution rules for foreclosure case filings accurately reflect the provisions of the underlying Florida statutes, 2) verify the accuracy of the calculated assessment and the accuracy of the distribution to the DETC codes, and, 3) determine if the foreclosure DETC code changes were adequately tested during the implementation process.

Our review 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 special review found that assessments and distributions for foreclosure case filings were accurately recorded and processed. One improvement opportunity was noted as management should ensure that changes to the Banner Court system rules tables are documented and verified prior to the go-live date.

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

Respectfully submitted,

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Introduction

Background

Assessments and distributions are subject to provisions of Florida Statutes (F.S.). For foreclosures, the most pertinent statutes are F.S. 28.241, F.S. 44.108 and F.S. 50.071. These statutes are reflected in the Clerk's Assessment and Distribution of Fines, Forfeitures, Fees, and Costs manual. Distributions are processed monthly and reported in the monthly distributions report when marked final in the Banner Court system.

The Director of Civil Court Operations requested a review of the accuracy of assessments and distributions for foreclosure case filings, focusing on legislative changes implemented on June 1, 2009. Florida statutes define the fees to be assessed for various types of foreclosure cases, including three types classified by the foreclosure value (\$50,000 or less, more than \$50,000 and less than \$250,000, and \$250,000 and more). An additional fee is assessed if a party is added to the foreclosure case. Other fees may be assessed based on the services provided.

The chart below displays the Florida statute mandated fees and docket codes for each of the three types of foreclosure cases that were included in this review.

Foreclosure Value	Docket Code	Basic Fee (1)	Docket Code	Fee For Adding Party to Case
\$50,000 and less	800F1	\$401	8CTP1	\$395
> \$50,000, < \$250,000	800F2	\$906	8CTP2	\$900
\$250,000 and more	800F3	\$1,906	8CTP3	\$1,900

(1) Additional fees are charged for other services, including issuing a Lis Pendens (\$5.60) or additional summons (\$10), and adding more than five defendants (\$2.50)

Assessments and distributions are classified in the Banner Court system using docket codes to describe the transaction type as well as detail codes (referred to as DETC codes). The DETC codes uniquely identify a specific distribution to recipient entities for the portion of the fines, fees, and costs assessed in accord with Florida statutes prescribing such allocations. DETC codes are established at the lowest level needed by the recipient entities to facilitate management reporting and analysis and

distribution of monies to various entities. There are numerous DETC codes for each of the three types of foreclosure cases and for each docket code.

Scope and Methodology

The Clerk & Comptroller's Audit Services Unit conducted a special review of the Civil Court foreclosure related assessments and distributions to verify the accuracy of changes made based on legislation that became effectively June 1, 2009.

The objectives of the review were to:

- Determine if the Banner Court system assessment and distribution rules for foreclosure case filings accurately reflect the provisions of the underlying Florida statutes,
- Verify the accuracy of the calculated assessment and the accuracy of the distribution to the DETC codes, and
- Determine if the foreclosure DETC code changes were adequately tested during the implementation process.

In order to meet our objectives, we conducted interviews, reviewed Florida Statutes, reviewed the assessment and distribution manual, performed testing of transactions, and performed other procedures that were deemed necessary under the circumstances.

We compared the new foreclosure filing fees in F.S. 28.241, F.S. 44.108 and F.S. 50.071 to those entered in the Banner Court system rules table (CTRFEEES). We then compared the new foreclosure fees to those recorded in the current "Assessment and Distribution of Civil Filing fees and Service Charges" manual.

We conducted transaction testing using two samples taken from the 9,729 new foreclosure cases in the Banner Court system opened from June 1, 2009 to October 7, 2009. In the first sample, ten foreclosure cases were drawn from each of the following docket codes: 800F1, 800F2, and 800F3. A second sample was drawn from only those cases when additional parties were added to the foreclosure case (docket codes 8CTP1, 8CTP2 and 8CTP3).

Conclusion

The special review disclosed that assessments and distributions for foreclosure case filings were accurately recorded and processed. Related to the three defined objectives, the review confirmed that the foreclosure case filing assessment and distribution rules within the Banner Court system accurately reflected the provisions of the underlying Florida statutes. Also, sample testing did not identify any errors in the accuracy of assessments and distributions for each of the various foreclosure docket codes and their related DETC codes.

The review identified one improvement opportunity: management should ensure that changes to assessment and distribution rule tables in the Banner Court system are documented and verified prior to the go-live date.

Review Team:

Alan Bray, Deputy Inspector General & Audit Manager
Stuart Grifel, Senior Auditor

Observations & Recommendations

The review 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. Changes to Banner Court rule tables were not fully verified prior to going live

Procedures are not in place to document a verification process of changes made to system rule tables.

Changes to foreclosure related DETC and docket codes, case types, and the associated fees set by Florida statute were entered into the Banner Court system prior to June 1, 2009 by the Systems Administrator in Circuit Civil and the Manager of Accounting. Conversations with these two individuals disclosed that the data was entered into the system rule tables though not all changes input by one individual were verified by the other to ensure accuracy prior to the go-live date of June 1, 2009. The steps taken were not documented so it is not possible to confirm the extent of the verification performed.

Recommendation:

- A. Implement procedures with Civil Court Services to ensure that legislative changes to DETC and docket codes and related fees are fully verified and documented prior to the go-live date.

Management Response:

- A. Agree. Procedures will be implemented to ensure that all legislative changes to DETC and docket codes and related fees are fully verified and documented prior to the go-live date of any future changes.
Target Completion Date: 07/01/10