CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

August 31, 2020

The Honorable Victoria L. Rogers
Clerk of Circuit Court
Hardee County
Hardee County Courthouse
Wauchula, FL 33873

Dear Ms. Rogers,

We completed our Article V Clerk of the Circuit Court Expenditure Compliance Audit in accordance with Florida Statutes. Enclosed is a copy of our final report.

We appreciate your advanced preparation for our audit and the courtesy extended to our team. We look forward to working with your office in the future.

Please contact Kim Holland at (850) 413-5700 or kim.holland@myfloridacfo.com if you have any questions.

Sincerely,

[redacted]

MM/jp

Enclosure

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
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JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services

HARDEE COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT

Report No. 2020-54
August 28, 2020

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Hardee County Clerk of the Circuit Court.[1] The auditors sampled court-related administrative and payroll expenditure accounts and transactions to determine whether, in making such expenditures, the Clerk's office complied with applicable State laws.[2] The sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs. However, as further described in the Observations and Recommendations section, we noted:

- In three (3) instances, expenditures had been improperly charged to the State.
- Cell phone expenditures were improperly charged to the State.
- Internal controls and procedures related to purchasing could be improved.
- Allocation methodologies for payroll expenditures could be improved.

BACKGROUND

In 2013, the Florida Legislature passed legislation that removed the Clerks of the Circuit Courts from the State appropriations process.[3] The 2013 legislation requires that all court-related functions must be funded from filing fees, service charges, costs, and fines retained by the Clerks. That portion of all fines, fees, service charges, and costs collected by the Clerks for the previous month that exceeds one-twelfth (1/12) of a Clerk's total budget must be remitted to the State. Those funds are deposited into the State of Florida's Clerk of the Court Trust Fund. For those Clerks who collect less than their approved budgets, the shortage is disbursed from the Clerks of the Court Trust Fund. In addition, the DFS' role was changed to providing audits of only the Clerks' court-related expenditures.

The organization that governs the Clerks, the Florida Clerks of Court Operations Corporation (CCOC), was initially formed to review and certify proposed budgets from each Clerk. In 2017, the Florida Legislature passed new legislation[4] giving the CCOC the duty of approving the proposed budgets submitted by the Clerks of the Circuit Courts as required by State law.[5] The 2017 legislation provides that the CCOC must ensure that the total combined budgets of the Clerks of the Circuit Courts do not exceed the total estimated revenues available for court-related expenditures as determined by the most recent Revenue Estimating Conference.

[1]Section 34.031, Florida Statutes.
[2]Sections 28.35(3)(a) and 29.008, Florida Statutes.
[3]Chapter 2013-44, Laws of Florida.
[4]Chapter 2017-126, Laws of Florida.
[5]Section 28.36, Florida Statutes.

The Chief Financial Officer has contracted with the CCOC to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law.[6] The audits are conducted by the DFS Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

SCOPE

The audit of the Hardee County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 17-18 and CFY 18-19. The audit included both a desk review for analysis and sample selection and an on-site visit for review of supporting documentation.

OBJECTIVES & METHODOLOGIES

The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.[7]
- Evaluate whether court-related expenditures were properly authorized, recorded, and supported.
- Evaluate whether expenditures were within the budgeted appropriations.
- Evaluate the accuracy and completeness of expenditures reported on the Clerk of Court Expenditure and Collections Report.
- Evaluate whether the Clerk's salary and total payroll costs were within the applicable caps established by the Florida Legislature's Office of Economic and Demographic Research.
- Evaluate the Clerk's methodology for allocating payroll costs between court and non-court related functions.

Our audit included an examination of accounts, records, and the sampling of various court-related transactions related to administrative and payroll expenditures.

Table 1 shows the court-related budgeted and actual expenditures for each fiscal year reviewed. Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. CFY 17-18 and CFY 18-19 do not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY 17-18	$742,213	$742,213
CFY 18-19	$770,566	$770,566

The Hardee County Clerk of the Circuit Court serves a population of 27,296.[8]

The budgeted growth from October 2017 through September 2019 was 3.82%.

Table 2 reflects the budgeted and actual full-time equivalent (FTE) positions, who charge either all or a portion of employee time to court-related duties. The budgeted number of FTEs includes vacant positions. The actual number of FTEs includes only filled positions.

Table 2

[6]Section 28.35(2)(e), Florida Statutes.
[7]Sections 28.35(3)(a) and 29.008, Florida Statutes.
[8]The Florida Legislature's Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2019-2020, September 2019.

Year	Budgeted FTEs	Actual FTEs
CFY 17-18	12.78	15.95
CFY 18-19	12.53	15.70

The budgeted FTEs decreased by 1.96% for the period October 2017 through September 2019.

OBSERVATIONS AND RECOMMENDATIONS

Section (s.) 28.35(3)(a), Florida Statutes (F.S.), outlines the list of court-related functions that Clerks may fund from filing fees, service charges, costs, and fines and is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; data collection and reporting; determinations of indigent status; and paying reasonable administrative support costs to enable the Clerk of the Court to carry out these court-related functions.

The list of court-related functions that Clerks may fund from filing fees, service charges, costs, and fines include:

- Those functions not specified above,
- Functions assigned by administrative orders which are not required for the Clerk to perform the functions above,
- Enhanced levels of service which are not required for the Clerk to perform the functions above, and
- Functions identified as local requirements in law or local optional programs.

Internal Controls

Best practices suggest the implementation of a written purchasing policy as well as a Purchasing Card (P-Card) Policy to reduce risks associated with procurement not being properly conducted and to ensure that all individuals involved in the procurement of goods and services have a clear understanding of their role and what is required of them.

As a best practice, we recommend that the Clerk's office establish a written purchasing policy that incorporates the requirements and guidelines for P-Card purchases as well to ensure the appropriate us of State funds.

Clerk's Salary

Section 145.051, F.S., outlines the amount that each Clerk of the Circuit Court may receive as salary based on the population of his or her county. These salaries are calculated by the Economic and Demographic Research Report (EDR) according to the formula outlined in s. 145.051, F.S., and published annually. The Statute allows for an additional $2,000 per year special qualification salary for each Clerk of the Circuit Court who has met the certification requirements established by the Supreme Court. Section 145.17, F.S., also states that "the compensation provided in chapter 145 shall be the sole and exclusive compensation of the officers whose salary is established therein."

During our testing of the Clerk's salary for CFY 17-18 and CFY18-19, we noted the Clerk's salary to be $603 and $628, respectively, more than the salary cap amount indicated in the EDR. The Clerk's salary was allocated 50% to the State for both years. Part of the overage was due to the Clerk's cell phone allowance totaling $1,200 per year.

We recommend the Clerk's office adhere to the salary cap as stated in s. 145.051, F.S., and the EDR.

County Funding

Sections 29.008(1)(f)1., and 2., F.S., require counties to fund the cost of communications services which include wireless communications, cellular telephones, all computer networks, systems and equipment, including computer hardware and software, modems, printers, wiring, network connections, and maintenance. The following expenditures, contrary to statutory guidance, were allocated as court costs, and therefore paid for with State funds.

- In CFY 17-18, we noted two (2) expenditures totaling $455 for computer software that were charged to the State.

- In CFY 17-18, the Clerk's office purchased a security camera monitor and supplies for $478, allocating $239 to the State.

- During our testing of the Clerk's office payroll expenditures, we noted one (1) employee who received a cell phone allowance for $20 ($604 for both fiscal years) which had been allocated as a court-related cost. Upon further examination, we noted that in CFY 17-18 and CFY 18-19, there were cell phone allowances for four (4) additional employees totaling $2,796 and $2,796 respectively, charged to the State.

We recommend that the Clerk's office allocate as court-related expenditures only those costs authorized by Statute. We also recommend that the Clerk's office reimburse the Clerks of the Court Trust Fund for the expenditures above totaling $6,890.

Allocation Methodology

The Clerk's office does not have a clear methodology for allocating payroll and administrative expenditures for employees who work on both court and non-court-related functions. Their current allocation methodology is based on observation, discussion, and review with management. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort the shared employees spent working on court-related vs. non-court-related functions.

Without accurate timekeeping of court and non-court related functions, the Clerk's office has no assurance that the estimates used for charging salaries to the State or used for budgeting purposes are accurate.

As a best practice, we recommend the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related activities to ensure the allocation of payroll and administrative expenditures reflects an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. The Clerk's office might consider using a sampling method such as a time study, or guidance such as that found in Code of Federal Regulation (2 CFR 200), Appendix V.

VICTORIA L. ROGERS
HARDEE COUNTY, CLERK OF THE CIRCUIT COURT AND COMPTROLLER

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September 8, 2020

Mr. Mark Merry, Assistant Director
Florida Department of Financial Services
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399-0353

Dear Mr. Merry,

In reference to your letter dated August 31, 2020, please see the following comments in response to the observations and recommendations presented in Audit Report 2020-54.

Internal Controls

We concur with the recommendation and will work to develop and adopt a written purchasing policy that includes guidelines for credit card purchases.

Clerk's Salary

This observation states that by receiving and including class C meal reimbursements and cell phone allowance, the Clerk's total compensation exceeded the statutory cap. We are in the process of amending procedures so that the Clerk does not receive these in the future.

County Funding

We concur with these observations of computer software, security, and communications (cell phone allowance) that were charged to the State. We have amended procedures and are training staff so that these expenditures are not charged to the State in the future. Additionally, we have reached out to the office of the Florida CCOC for guidance on how these amounts should be returned to the Clerks of the Court Trust Fund.

Allocation Methodology

We concur with this recommendation and are making plans to conduct a time study in the near future.

Thank you for the opportunity to provide the above responses and for the time, effort, and courtesy of your team who performed the audit.

Respectfully submitted,

[redacted]

Victoria L. Rogers
Hardee County Clerk of the Circuit Court and Comptroller