



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

October 13, 2020

The Honorable Kimberley Barrineau
Clerk AD Interim of Circuit Court
Hendry County
25 E. Hickpochee Avenue
LaBelle, Florida 33935

Dear Ms. Barrineau:

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 Signature]

Mark Merry
MM/jhf

Enclosure



JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services

**HENDRY COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT**

**Report No. 2020-58
October 7, 2020**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Hendry 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 one (1) instance, an expenditure had been improperly charged to the State.
- 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 legislation⁴ 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.

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

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 29.008, Florida Statutes.

³Chapter 2013-44, Laws of Florida.

⁴Chapter 2017-126, Laws of Florida.

⁵Section 28.36, Florida Statutes.

⁶Section 28.35(2)(e), Florida Statutes.

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 Hendry County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 17-18, CFY 18-19, and CFY 19-20 (through April 30, 2020). The audit consisted of a desk review that included an analysis of sample selection with 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, CFY 18-19, and CFY 19-20 do not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY 17-18	950,835	950,853
CFY 18-19	987,157	978,978
CFY 19-20	1,197,173	576,326 ⁸

The Hendry County Clerk of the Circuit Court serves a population of 39,586.⁹

The budgeted growth from October 2017 through September 2020 was 25.91%.

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.

⁷Sections 28.35(3)(a) and 29.008, Florida Statutes.

⁸ Actual through April 30, 2020.

⁹The 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.

Table 2

Year	Budgeted FTEs	Actual FTEs
CFY 17-18	22.64	19.92
CFY 18-19	25.38	20.86
CFY 19-20	21.49	21.36

The budgeted FTEs decreased by -5.08% for the period October 2017 through September 2020.

OBSERVATIONS AND RECOMMENDATIONS

Sections (ss.) 28.35(3)(a) and 29.008, 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 not 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.

Unallowable Expenditures

Meals for Class A & B Travel

The Hendry Clerk of Court Deputy Handbook, states that travel is in accordance with s. 112.061, F.S. Accordingly, s. 112.061(6)(c) F.S., states that “no one, whether traveling out of state or in state, shall be reimbursed for any meal or lodging included in a convention or conference registration fee paid by the state”.

We noted (1) instance in CFY 17-18 where the traveler attended a three-day conference and charged meals for day one of the conference totaling \$54 even though the conference provided breakfast and lunch that day.

We recommend the Clerk’s office ensure all travel reimbursements are in accordance with state law.

Allocation Methodology

The Clerk’s office does not have a clear methodology for allocating payroll expenditures for employees who work on both court and non-court-related functions. The Clerk’s office indicated the use of estimated time and costs incurred on the behalf of the court. Accounting estimates, however, should be based on an accumulation of relevant, sufficient, and reliable data and compared to subsequent actual data to determine the reliability of the estimate. The Clerk’s office was unable to provide supporting documentation for the allocation of employees’ time between court and non-court related functions.

Without an accurate basis for allocating costs, the Clerk's office has no assurance that the estimates used for charging salaries to the State or used for budgeting purposes.

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 functions to ensure the allocation of payroll expenditures reflect an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. The Clerk's office may consider using a sampling method such as a time study, case file reporting, or guidance such as that found in Code of Federal Regulation (2 CFR 200), Appendix V.



*Clerk of Circuit Court, Hendry County
P.O. Box 1760
LaBelle, Florida 33975
Telephone 863-675-5217
Fax 863-675-5238*

October 16, 2020

The Honorable Jimmy Patronis
Chief Financial Officer
Florida Department of Financial Services

Response to Auditor's comments contained in the Hendry County Clerk of Circuit Court Compliance Audit for Fiscal Years 17-18, 18-19 and 19-20.

20-01

In one (1) instance, an expenditure had been improperly charged to the State.

Our Travel Reimbursement procedure requires documentation of all expected expenses associated with travel. The Clerk's payable staff validates requested expenses included in travel voucher with documentation to eliminate any duplication of expense before reimbursement. This occurrence was an oversight due to new staff.

20-02

Allocation methodologies for payroll expenditures could be improved.

The Clerk will use a Methodology for Allocation of Costs spreadsheet to more accurately define the allocation of payroll and FTE's for future cost allocations of salaries and benefits.

If you should have any questions or comments regarding these responses, please contact me at (863) 675-5322.

Sincerely,

Stephen W. Clark
Finance Director
Hendry County Clerk of Circuit Court