



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

October 7, 2024

The Honorable Victoria Rogers
Clerk of the Circuit Court & Comptroller
Hardee County
417 West Main Street, Suite 202
Wauchula, Florida 33873

Dear Clerk Rogers,

We completed our Article V Clerk of the Circuit Court 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,

A black rectangular redaction box covering the signature of Renée Hermeling.

Renée Hermeling

RH/avg

Enclosure



JIMMY PATRONIS CHIEF FINANCIAL OFFICER STATE OF FLORIDA

Florida Department of Financial Services

HARDEE COUNTY CLERK OF THE CIRCUIT COURT COMPLIANCE AUDIT

**Report No. 2024-132
October 3, 2024**

WHY WE DID THIS AUDIT

The Florida State Constitution requires that selected salaries, costs, and expenses of the state courts system and court-related functions shall be funded from a portion of the revenues derived from statutory fines, fees, service charges, and court costs collected by the clerks of the court and from adequate and appropriate supplemental funding from state revenues as appropriated by the Legislature.¹

In order to ensure compliance, the Chief Financial Officer (CFO) has contracted with the Florida Clerk of Court Operations Corporation (CCOC) to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law.² The audits are conducted by the Department of Financial Services (DFS), Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

WHAT WE FOUND

We concluded that, overall, the sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs and that transactions were accurate, properly approved and recorded, and served a public purpose. Exceptions are noted in the Observations and Recommendations section below.

WHAT WE DID

Our audit included an examination of accounts and records and the sampling of various court-related transactions related to administrative and payroll expenditures for County Fiscal Years (CFY) 21-22, CFY 22-23, CFY 23-24 (through June 2024). The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.³
- 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.
- Evaluate whether ten percent (10%) of all court-related fines collected are deposited into the fines and forfeiture fund and used exclusively for court-related functions.⁴

¹Section 14(b), Art. V, Florida Constitution.

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

³Sections 28.35(3)(a), 28.37(6), and 29.008, Florida Statutes.

HARDEE COUNTY AT A GLANCE

The Hardee County Clerk of the Circuit Court and Comptroller serves a population of 25,544.⁵

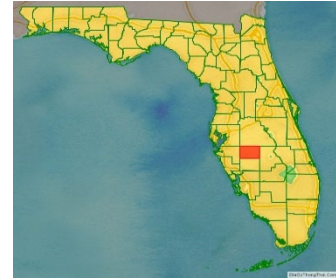


Table 1 shows the budgeted and actual expenditures for each fiscal year reviewed. Juror expenditures are not included.

Table 1

Year	Budgeted	Actual
CFY 21-22	\$906,252	\$737,275
CFY 22-23	\$924,370	\$752,122
CFY 23-24	\$953,613	\$525,549

Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. Juror expenditures are not included.

The budgeted growth from October 2021 through September 2024 was 5.2%. The actual expenditures increased by 2.0% from October 2021 through September 2023. Actual expenditures for CFY 23-24 are through June 2024.

Table 2 shows 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

Year	Budgeted FTEs	Actual FTEs
CFY 21-22	12.65	14.25
CFY 22-23	12.65	13.20
CFY 23-24	12.25	15.65

The budgeted FTEs decreased 3.1% for the period October 2021 through September 2024. The actual number of FTEs decreased by 7.3% from October 2021 through September 2023. Actual FTEs for CFY 23-24 are through June 2024.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Hardee County Clerk of the Circuit Court in August 2020, Report No. 2020-54. The auditors noted the following four (4) recommendations.

1. We recommended 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 expenditures reflects an accurate appropriation of State funds. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has not been implemented. See the Observations and Recommendations section below.

⁴ Section 28.37(6), Florida Statutes.

⁵ The Florida Legislature’s Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2023-2024, September 2023. <http://edr.state.fl.us/Content/local-government/reports/finsal23.pdf>

2. We recommended the Clerk's office establish a written purchasing policy that also incorporates guidelines for credit card purchases. Based on our recent evaluation of internal controls, we have concluded that this recommendation has not been implemented. See the Observations and Recommendations section below.
3. We recommended the Clerk's office adhere to the Clerk's salary cap as stated in section (s.) 145.051, Florida Statutes (F.S.), and the Office of Economic and Demographic Research. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has been partially implemented.
4. We recommended the Clerk's office ensure that its court-related expenditures were allowable and reasonable according to s. 29.008(1)(f)1, and 2, F.S., related to 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. Based on our recent testing of administrative expenditures, we have concluded that this recommendation has not been implemented. See the Observations and Recommendations section below.

OBSERVATIONS AND RECOMMENDATIONS

Overall, the Clerk's court-related expenditures were in compliance with sections 28.35(3)(a) and 29.008, F.S., and internal controls and procedures were in place for proper reporting, except for the following items:

Internal Controls

Purchasing Policy

As reported in the previous audit, key internal controls at any organization include a purchasing policy. An effective purchasing policy should include, at a minimum, topics such as the following:

- Procurement policies and procedures.
- Contract signing authority.
- Purchasing authority levels.
- Delegation of authority.
- Separation of duties.
- Credit card for purchasing policies and procedures.

The Clerk's office does not have a written purchasing policy for the expenditure of court funds. Their process is to have the supervisors send their requests to the purchasing agent who orders the items after finding the best price. They also do not have written guidelines for the use of the credit card used for purchases including a monthly reconciliation process.

We recommend the Clerk's office develop a written purchasing policy to provide employees with best practices, detailed procurement and purchasing guidelines, and include adequate internal controls to ensure that Court funds are expended appropriately.

Bank Signatories

Best practices indicate that the signature card related to the operating bank account should be updated whenever a signatory terminates employment.

During our audit, we found that the bank signature cards provided included the Administrative Services Director who terminated employment on February 28, 2022. Subsequent to our inquiry, the Clerk's office provided documentation that the bank signature cards had been updated in November 2022.

We recommend the Clerk's office timely update the bank signature cards for personnel changes to prevent potential unauthorized access to Clerk's office assets.

Travel Documentation

Internal controls require that reimbursement for travel expenditures should be based on actual expenditures incurred rather than a pre-travel estimate. The Clerk's Travel Policy provides general employee travel expenditure reimbursement requirements for meals and mileage. Section 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." Section 112.061(11)(b), F. S., also prescribes a form to be used for the reimbursement of travel expenditures after the travel has occurred. Travel advances are addressed in s. 112.061(12), F.S. Section 69I-42.003, Florida Administrative Code, describes the data elements required on all travel forms. The intent of these forms is to ensure estimated travel costs are itemized and approved prior to travel, and to then reconcile the estimated costs to the actual costs after the travel is completed.

During our testing of travel expenditures, we noted the following:

- For one (1) sampled expenditure in CFY 21-22, the traveler did not use the proper form for travel reimbursement. The Clerk's office used the Voucher for Reimbursement of Travel Expenses (Form DFS-AA-13) for cash advancement prior to travel. If the traveler is seeking a cash advance prior to travel, the Application for Advance on Travel Expenses (Form DFS-AA-25) should be used. The Clerk's office provided this travel advance but did not perform any type of documented post-travel review of the travel voucher to determine the accuracy of the actual expenses incurred.
- For one (1) sampled expenditure in CFY 21-22, the Clerk's office could not provide the supporting travel documentation requested including the conference registration receipt, the hotel receipt, conference itinerary, and the travel reimbursement voucher.

We recommend that the Clerk update its Travel Policy to reflect how travel expenditures are processed and reviewed in conjunction with travel reimbursement prescribed in Florida Statutes and the Florida Administrative Code.

Unallowable Expenditures

Software

As reported in our previous audit, s. 29.008(1)(f)1, and 2, F.S., requires counties to fund the cost of communication services which include wireless communications, cellular telephones, facsimile equipment, all computer networks, systems, and equipment, including computer hardware and software, modems, printers, wiring, network connections, and maintenance.

Section 28.37(6), F.S., states that 10% of all court-related fines collected by the Clerk, except for penalties or fines distributed to counties or municipalities under s. 316.0083(1)(b)3 or s. 318.18(15)(a), F.S., must be deposited into the fine and forfeiture fund to be used exclusively for court-related functions, as provided in s. 28.35(3)(a), F.S.

During our testing of the Clerk's office administrative expenditures, we noted four (4) instances in which the expenditure, contrary to statutory guidance, had been allocated as court costs, or was not authorized of record as a reasonable administrative support cost. The Clerk's office indicated that these costs were paid from operating funds; however, they were unable to provide documentation showing a methodology to track the expenditures against the revenues or evidence that the expenditures were paid specifically from 10% funds.

- In CFY 21-22, the Clerk's office leased copiers, allocating \$614 to the Court.
- In CFY 21-22, the Clerk's office purchased scanner roller kits from CDW-Government for \$870, allocating \$385 to the Court.
- In CFY 21-22, the Clerk's office purchased Adobe Acrobat Pro Software from CDW-Government for \$1482, allocating \$988 to the Court.
- In CFY 23-24, the Clerk's office purchased e Certify Tri-Data Software for \$321, of which \$161 was allocated to the Court.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s. 29.008(1)(f)1, F.S. In order to verify that these expenditures are paid from the 10% fund, we recommend the Clerk's office develop a tracking methodology to track the 10% revenues and 10% expenditures to ensure the expenditures do not exceed the revenues. An Excel spreadsheet or a designated expenditure account would be simple tools to use for tracking. We also recommend that the Clerk's office reimburse the State for the expenditures above totaling \$2,148 which were paid from the Clerk of the Court Trust Fund.

Security

Section 29.008(1)(e), F.S., requires the counties to fund the cost of security of facilities for the circuit and county courts.

Section 28.37(6), F.S., states that 10% of all court-related fines collected by the Clerk, except for penalties or fines distributed to counties or municipalities under s. 316.0083(1)(b)3 or s. 318.18(15)(a), F.S., must be deposited into the fine and forfeiture fund to be used exclusively for court-related functions, as provided in s. 28.35(3)(a), F.S.

During our testing of the Clerk's office administrative expenditures, we noted one (1) instance in which the expenditure, contrary to statutory guidance, had been allocated as a court cost, or was not authorized of record as a reasonable administrative support cost. The Clerk's office indicated that these costs were paid from operating funds; however, they were unable to provide documentation showing a methodology to track the expenditures against the revenues or evidence that the expenditures were paid specifically from 10% funds.

- In CFY 22-23, the Clerk's office purchased a door lock with Finger Keypad for \$189, allocating \$55 to the Court.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to s. 29.008(1)(e)1, F.S. In order to verify that these expenditures are paid from the 10% fund, we recommend the Clerk's office develop a tracking methodology to track the 10% revenues and 10% expenditures to

ensure the expenditures do not exceed the revenues. An Excel spreadsheet or a designated expenditure account would be simple tools to use for tracking. We also recommend that the Clerk's office reimburse the State for the expenditure above which was paid from the Clerk of the Court Trust Fund.

Accounting Records Do Not Agree with Expenditure and Collections Report

The Expenditure and Collection (EC) Report which is reported monthly to the CCOC should be prepared so that it agrees with the underlying accounting records. A monthly reconciliation of the EC Report should be performed by the Clerk's office to ensure that the amounts reported to the CCOC are accurate.

Part of our testing requires a reconciliation of the Clerk's EC Report to the General Ledger for each year of the audit period. The Clerk's office was unable to provide documentation to support the data in the EC Reports and were unable to provide evidence of monthly reconciliations. During our testing of the reconciliations, we noted the following:

- In CFY 2022-2023, the General Ledger expenditures were over the amount reported to the CCOC by \$8,649, or 1%.

We recommend that the Clerk's office implement procedures to reconcile and support the balances in the CCOC EC report on a monthly basis and to retain these documents for audit purposes.

Allocation Methodology

As reported in our previous audit, 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. Their current allocation methodology is based on management estimates. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort employees spend on court-related and non-court-related functions.

The Clerk's office provided documentation representing their current personnel allocations based on management estimates. During our payroll testing, we noted that the Clerk's office paid a one-time bonus totaling \$13,345 to all employees. The expenditures were charged to the court rather than allocating the pay-out based on the percentage allocation estimates provided. The total amount charged to the State was \$5,345.

Without an accurate basis for allocating personnel costs, the Clerk's office has no assurance that the current methodology used for charging salaries to the State or used for budgeting purposes are accurate or need to be revised for the next budget cycle.

We recognize the time constraints of a small office; however, 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. We also recommend the Clerk's office reimburse the Clerk of Courts Trust Fund for the \$5,345 over allocation to the State.