



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

September 18, 2024

The Honorable Kimberley Barrineau
Clerk of Circuit Court & Comptroller
Hendry County
25 East Hickpochee Avenue
LaBelle, Florida 33935

Dear Clerk Barrineau,

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

HENDRY COUNTY CLERK OF THE CIRCUIT COURT COMPLIANCE AUDIT

**Report No. 2024-133
September 18, 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, and CFY 23-24 (through July 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.

HENDRY COUNTY AT A GLANCE

The Hendry County Clerk of the Circuit Court and Comptroller serves a population of 40,633.⁵



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	\$1,281,071	\$1,217,674
CFY 22-23	\$1,306,755	\$1,265,808
CFY 23-24	\$1,361,481	\$956,941

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 6.2%. The actual expenditures increased by 3.9% 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	19.99	34.03
CFY 22-23	18.82	25.21
CFY 23-24	18.23	21.64

The budgeted FTEs decreased 8.8% for the period October 2021 through September 2024. The actual number of FTEs decreased by 3.6% over the same period. Actual FTEs for CFY 23-24 are through July 2024.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The Department performed an audit of the Hendry County Clerk of the Circuit Court in October 2020, Report No. 2020-58. The auditors noted the following two (2) 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 reflect an accurate appropriation of State funds. Based on our recent testing of payroll expenditures, we have concluded that this recommendation has been partially implemented. See the Observations and Recommendations section below.

2. We recommended the Clerk’s office ensure that all travel reimbursements were in accordance with section (s.) 112.061(6)(c), Florida Statutes (F.S.). Based on our recent test of travel expenditures, we have determined 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>

OBSERVATIONS AND RECOMMENDATIONS

Overall, the Clerk's court-related expenditures complied 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

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.
- The delegation of authority.
- Separation of duties.
- Guidance for the use of the credit cards used for purchase.

The Clerk's office does not have a written purchasing policy for the expenditure of court funds. Their written procedures are limited and do not provide adequate detail related to the use of the Clerk's office credit card.

We recommend the Clerk's office develop a detailed 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.

Travel

Internal controls require that reimbursement for travel expenditures should be based on actual expenditures incurred rather than a pre-travel estimate. 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. 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 the use of these forms is to ensure the travel's estimated costs are itemized and approved prior to travel, and to then reconcile the estimated costs to the actual costs after the travel is completed.

The Clerk's Travel Policy states that "all original invoices will be sent to Finance with the final reimbursement request." The Travel Policy also states that meal reimbursements are based on travel times; however, departure/arrival times were not included on the travel vouchers reviewed. Upon inquiry, the Clerk's office stated that they use the start and end times of the conference indicated on the conference agenda rather than the actual departure and return times to and from the headquarters location.

During our review of three (3) travel expenditures, we noted the following:

- For one (1) sample, the traveler was overpaid for meals provided by the conference in the amount of \$96.

- The Clerk's office provided travel advances but did not perform any type of documented post-travel review of the travel voucher to determine the accuracy of the actual expenses incurred.
- The travelers did not include departure or arrival times on the travel forms even though there is a column for those entries. The Clerk's Travel Policy states that reimbursement rates are based on these times.

According to the Clerk's office, most travel is paid to the traveler prior to the travel taking place. There is no remedy to recover overpayments to the traveler due to changes in actual expenditures incurred. If the traveler is underpaid, they do submit receipts post-travel for reimbursement. Essentially all travelers receive a travel advance, and there is no further review after the travel is completed.

We recommend that the Clerk update its Travel Policy to reflect how travel expenditures are processed and reviewed in conjunction with travel reimbursement as outlined in Florida Statutes and the Florida Administrative Code. If the Clerk's office policy is to provide travel advances for travel, we recommend that travelers use the Department of Financial Services Application for Advance on Travel Expenses, or an alternate form, that includes all the same elements. A Request for Reimbursement form should be submitted after the travel has occurred to reconcile the advance for the actual expenditures incurred. We also recommend that travelers complete the travel forms fully, including the arrival and departure times, to ensure expenditures are paid in accordance with s. 112.061, F. S., and the Clerk's Travel Policy.

Bank Signatories

Best practices indicate that the signature card related to the operating bank account should include more than one authorized signer. When there is more than one authorized signer, this allows another individual to sign checks in the event the other individual is not available.

During our audit, we found that only the Clerk has signature authority on all the Clerk's bank accounts.

To provide backup in the Clerk's absence, we recommend that another person be granted authority to sign checks in the Clerk's absence, and thus have his or her name on the signature card at the bank.

Allocation Methodology

As reported in the 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. The Clerk's office indicated "employee allocations are based on the duties within that position and further broken down into activity and sub-activity codes." Additionally, the Clerk's office stated that employee allocations are assigned by the department's supervisor and are based on the supervisor's knowledge of each Court Clerk's workload. 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 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.