

Specialty License Plate Audit

Bike Florida, Inc. - Share The Road

Audit Report 201314-08

February 19, 2014

Executive Summary

The purpose of this audit was to determine compliance with applicable laws, policies, and regulations related to the annual affidavit reports prepared by Bike Florida, Inc. (BFI) for the Share the Road (STR) specialty license plate. BFI is required to submit a Specialty License Plate Revenue, Expenditure and Compliance Affidavit to the Department of Highway Safety and Motor Vehicles (Department) within nine months after the end of the BFI fiscal year. The most recent affidavits BFI submitted, for the 2011 and 2012 Fiscal Years ended December 31, 2011, and 2012, were used for this audit.

For every STR specialty license plate sold or renewed, a \$15 annual use fee is charged and distributed, as required by statute, to BFI, a non-profit organization established to promote bike safety throughout Florida. Section 320.08058(30)(b), Florida Statutes (F.S.), specifies that up to 25 percent of the annual use fees shall be used for marketing and promotion of the "Share the Road" concept and license plate. The remaining funds shall be divided equally between Bike Florida, Inc., and the Florida Bicycle Association, Inc., to be used for:

- Education and awareness programs, for bicycle safety and motorist safety, with emphasis on sharing the roadway by all users.
- Training, workshops, educational materials, and media events.
- The promotion of safe bicycling.

During our audit, we determined that BFI generally complied with applicable laws, policies, and regulations related to the annual affidavits. However we did note that significant year-end balances had accumulated for the marketing and promotion allocation.

BFI concurred with the audit finding, and will monitor their marketing and promotion spending and distribute unspent funds as required by Florida Statute.

Background and Introduction

Specialty license plates are license plates available to the general public with unique designs that promote philanthropic and other causes and require payment of an additional annual use fee. Section 320.08056, F.S., authorizes the issuance of all specialty license plates and specifies the annual use fee for the more than 120 specialty license plates Florida offers.

Section 320.08062, F.S., grants the Department authority to examine all records relating to the use of specialty license plate funds. The Office of Inspector General included the examination of specialty license plate recipient organizations in its annual work plan.

The STR specialty license plate was enacted in 1999. For every STR specialty license plate sold or renewed, a \$15 annual use fee is charged and distributed, as required by statute, to BFI, a non-profit organization established to promote bike safety throughout Florida.

Section 320.08058(30)(b), F.S., specifies that up to 25 percent of the annual use fees shall be used for marketing and promotion of the “Share the Road” concept and license plate. The remaining funds shall be divided equally between BFI, and the Florida Bicycle Association, Inc., to be used for:

- Education and awareness programs, for bicycle safety and motorist safety, with emphasis on sharing the roadway by all users.
- Training, workshops, educational materials, and media events.
- The promotion of safe bicycling.

The affidavits submitted by BFI for the 2011 and 2012 Fiscal Years, as well as BFI financial records for the 2011 and 2012 Fiscal Years, were used for this audit.

BFI received \$176,280.00 and \$171,866.03 in specialty license plate fees for the 2011 and 2012 Fiscal Years, respectively.

Findings and Recommendations

During our audit, we determined that BFI generally complied with applicable laws, policies, and regulations related to the annual affidavits for the STR specialty license plate. However, we identified the following issue which requires management attention.

Statutory Allocation for Marketing and Promotion

Section 320.08058(30)(b), F.S., requires the annual use fees be distributed to Bike Florida, Inc., up to 25 percent of which shall be used for marketing and promotion of the “Share the Road” concept and license plate.

Additionally, Section 320.08062(1)(b), F.S., requires organizations not subject to audits required by Section 215.97, F.S., to annually attest that annual use proceeds were used in compliance with law. The attestation (affidavit) is annually made by the organization in a form and format determined by the Department.

BFI separately accounts for and reports the marketing and promotion allocation. BFI develops an annual budget and tracks spending for the marketing and promotion classification. Additionally, BFI submits a separate affidavit to the Department for fees used for marketing and promotion.

The affidavits BFI submitted related to marketing and promotion for the two most recent complete fiscal years included the following information:

Bike Florida, Inc. Marketing and Promotion Affidavits		
Fiscal Year	2011	2012
Beginning Balance	\$64,923.21	\$83,572.52
Revenues	\$46,133.12	\$43,377.13
Expenses	\$27,483.81	\$38,481.66
Ending Balance	\$83,572.52	\$88,467.99

BFI staff indicated that the projected ending balance at December 31, 2013, was expected to be \$5,000.

BFI staff indicated there was a transition or interim period during 2012 for the Executive Director position, and marketing and promotion efforts slowed during the transition. As evidenced by the 2013 Fiscal Year projections, the balance in the promotion and marketing account has significantly decreased based on increased marketing and

promotion efforts since the hiring of a new Executive Director and based on Board actions during 2013.

As indicated on BFI's annual affidavits, the balance in the marketing and promotion account has been equal to or greater than the annual marketing and promotion allocation for both years. Statutory allocations involving expense classifications are related to distributions and reported on an annual basis. The statutes do not provide for carry-over or carry-forward of expense classifications. Therefore, organizations which set aside funds for marketing and promotion as allowed by statute should use the funds on an annual basis, or reallocate the funds for program purposes.

Finding 1

Significant year-end balances for marketing and promotion funds had accumulated over several years in excess of the annual statutory allocation limit.

Recommendation

We recommend Bike Florida, Inc., regularly monitor the unexpended balance of its marketing funds and at the end of each fiscal year distribute any unexpended marketing and promotion allocations equally between Bike Florida, Inc., and the Florida Bicycle Association, Inc., for program purposes as authorized in Section 320.08058(30)(b), F.S

Management Response

Bike Florida reduced its marketing balance to \$16,526.12 by the end of the year. Of those remaining funds, \$8,263.06 has been disbursed to the Florida Bicycle Association, and \$8,263.06 was reallocated to Bike Florida's Other Programs accounts. Bike Florida indicated that, in future fiscal years, the expenditure of marketing funds will be carefully monitored to ensure compliance with state statutes.

Purpose, Scope, and Methodology

The purpose of this audit was to determine BFI's compliance with applicable laws, policies, and regulations related to the annual affidavit reports prepared by BFI for the STR specialty license plate.

The scope of this audit included revenues and expenditures reported on the BFI affidavits for the 2011 and 2012 Fiscal Years, and specialty license plate revenue and expenditures recorded in BFI financial records for the 2011 and 2012 Fiscal Years.

The methodology included:

- Reviewing Florida Statutes related to specialty license plate fees;
- Reviewing Department policies and procedures related to specialty license plate fees;
- Reviewing BFI's policies and procedures related to the use of specialty license plate fees;
- Reconciling the Department distribution of annual use fees to revenues reported on the affidavit filed by BFI;
- Reconciling the expenditures reported on the affidavit to BFI's financial records;
- Reviewing the use of funds by BFI to ensure there is adequate supporting documentation, and that the expenditures are for purposes authorized by statute;
- Reviewing timing, availability, and content of reports such as affidavits, single audits, or sub recipient monitoring; and
- Comparing expenditures related to distributions and annual allocation limits for compliance with Section 320.08058(30)(b), F.S., and reviewing reasonableness of balances.

Distribution, Statement of Accordance, and Project Team

Distribution

Julie L. Jones, Executive Director
Ron Cunningham, Executive Director, Bike Florida, Inc.

Copies distributed to:

Diana Vaughn, Deputy Executive Director
Terry Rhodes, Chief of Staff
Boyd Walden, Director of Motorist Services
Steven Fielder, Deputy Director of Motorist Services
Julie Baker, Bureau Chief of Issuance Oversight
Linda Prout, Bookkeeper, Bike Florida, Inc.
Tim Bustos, Sr., Executive Director, Florida Bicycle Association

Melinda M. Miguel, Chief Inspector General
David W. Martin, Auditor General

Statement of Accordance

Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement was conducted in accordance with applicable *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General.

Project Team

Engagement conducted by:
Cindy Fernald, Auditor

Under the supervision of:
David Ulewicz, Audit Director

Approved by:


Julie M. Leftheris, Inspector General

ATTACHMENT - Management Response



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BIKE FLORIDA INC. & SHARE THE ROAD CAMPAIGN

2-12-2014

To David Ulewicz
Audit Director
Florida Department of Highway Safety and Motor Vehicles

In response to Auditor's Report No. 201314-08

Mr. Ulewicz: Please consider this to be Bike Florida's formal response to your department's recent audit of our organization's expenditure of Share The Road Speciality License Plate tag proceeds. We accept the report's findings in full and concur with its recommendation. We have already proceeded to address the finding that there is no statutory authority for Bike Florida to carry over Share The Road Marketing Funds from one fiscal year to the next. And in future fiscal years we will carefully monitor the expenditure of marketing funds to ensure that we remain in compliance with state statutes.

As soon as the auditor informed me of the finding I proceeded to inform our Board of Directors and we made plans to address the buildup of funds in the Share the Road Marketing account in a timely manner. In accordance with the board's vote, I made appropriate expenditures before the end of the fiscal year to more aggressively market Share The Road License Tags. By the end of the year our business manager informed me that we had a balance of \$16,526.12 remaining in our marketing account. Of those remaining funds, \$8,263.06 has been disbursed to the Florida Bicycle Association, and \$8,263.06 was reallocated to Bike Florida's Other Programs accounts.

By the above actions, our Share The Road Marketing Fund was reduced to zero by the end of the fiscal year. I believe we have acted to address Finding 1 in the Auditor's Report No. 201314-08. I can assure you that Bike Florida will remain in compliance in future fiscal years.

Ron Cunningham
Executive Director
Bike Florida

2/12/2014