



Specialty License Plate Audit PCMI Properties, Inc. – Horse Country Audit Report 201314-13

March 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 PCMI Properties, Inc. (PCMI) for the Horse Country (HC) specialty license plate. PCMI 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 PCMI fiscal year. The most recent affidavits PCMI submitted, for the 2012 and 2013 Fiscal Years ended June 30, 2012, and 2013, were used for this audit.

For every HC specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to PCMI, a non-profit organization established to fund programs involved in the rehabilitation of at-risk youth. Section 320.08058(68)(b), Florida Statutes (F.S.), specifies that up to 10 percent of the annual use fees may be used for marketing and promotion of the license plate, as well as for annual audit or compliance affidavit costs. The remaining funds shall be used for funding programs involved in the rehabilitation of at-risk youth by providing:

- Educational materials, athletic equipment, transportation, food, medical services, counseling, scholarships, and other direct administrative and program expenses.
- Funds may also be used as grants for expansion of youth rehabilitation programs in Florida.

During our audit, we determined that PCMI generally complied with applicable laws, policies, and regulations related to the annual affidavits.



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 HC specialty license plate was enacted in 2008. For every HC specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to PCMI, a non-profit organization established to fund programs involved in the rehabilitation of at-risk youth.

Section 320.08058(68)(b), Florida Statutes (F.S.), specifies that up to 10 percent of the annual use fees may be used for marketing and promotion of the license plate, as well as for annual audit or compliance affidavit costs. The remaining funds shall be used for funding programs involved in the rehabilitation of at-risk youth by providing:

- Educational materials, athletic equipment, transportation, food, medical services, counseling, scholarships, and other direct administrative and program expenses.
- Funds may also be used as grants for expansion of youth rehabilitation programs in Florida.

The affidavits submitted by PCMI for the 2012 and 2013 Fiscal Years, as well as PCMI financial records for the 2012 and 2013 Fiscal Years, were used for this audit.

PCMI received \$105,881.51 and \$123,102.56 in specialty license plate fees for the 2012 and 2013 Fiscal Years, respectively.

Results of Audit

During our audit, we determined that PCMI generally complied with applicable laws, policies, and regulations related to the annual affidavits for the HC specialty license plate.

Purpose, Scope, and Methodology

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

The scope of this audit included revenues and expenditures reported on the PCMI affidavits for the 2012 and 2013 Fiscal Years, and specialty license plate revenue and expenditures recorded in PCMI financial records for the 2012 and 2013 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 PCMI'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 PCMI;
- Reconciling the expenditures reported on the affidavit to PCMI's financial records;
- Reviewing the use of funds by PCMI 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(68)(b), F.S., and reviewing reasonableness of balances.

Distribution, Statement of Accordance, and Project Team

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Julie L. Jones, Executive Director
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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