

Specialty License Plate Audit Sportsmen's National Land Trust Audit Report 201213-26

August 23, 2013

Executive Summary

The purpose of this audit was to determine the Sportsmen's National Land Trust Florida Chapter, Inc. (SNLT) compliance with Florida Statutes and organizational and Department policies and procedure. The SNLT is required to submit a Specialty License Plate Revenue, Expenditure and Compliance Affidavit to the Department within nine months after the end of the SNLT fiscal year. The most recent affidavit the SNLT submitted, for the 2011 Fiscal Year ended December 31, 2011, and financial records for the 2012 Fiscal Year ended December 31, 2012, were used for this audit.

For every Sportsmen's National Land Trust specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed to the SNLT, a non-profit organization established to promote land conservation in Florida, and to preserve open space and wildlife habitat for the benefit of the public.

Section 320.08058(47)(b), Florida Statutes (F.S.), specifies that 75 percent of the license plate annual use fees distributed to the Sportsmen's National Land Trust must be used to fund programs and projects within the state that preserve open space and wildlife habitat, promote conservation, improve wildlife habitat, and establish open space for the perpetual use of the public. Up to 25 percent of the fees may be used for promotion, marketing, and administrative costs directly associated with operation of the trust.

During our evaluation, we determined the tax agreement the SNLT provided as support for accounting services did not agree with invoices provided to support the expenditures.

The SNLT concurred with the audit finding, and will consider ways to strengthen their document system for expenditures.

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 Sportsmen's National Land Trust specialty license plate was enacted in 2004. For every Sportsmen's National Land Trust specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed to the SNLT. The SNLT is a non-profit organization established to promote land conservation in Florida, and to preserve open space and wildlife habitat for the benefit of the public. The goal of the SNLT is to accumulate tracts of land to be owned and managed in perpetuity in order to protect America's heritage of outdoor recreation.

Section 320.08058(47)(b), F.S., specifies that 75 percent of the license plate annual use fees distributed to the Sportsmen's National Land Trust must be used to fund programs and projects within the state that preserve open space and wildlife habitat, promote conservation, improve wildlife habitat, and establish open space for the perpetual use of the public. Up to 25 percent of the fees may be used for promotion, marketing, and administrative costs directly associated with operation of the trust.

The most recent affidavit the SNLT submitted, for the year ended December 31, 2011, and SNLT financial records for the year ended December 31, 2012, were used for this audit.

The SNLT received \$295,717.62 in specialty license plate fees for the year ended December 31, 2011. The SNLT received \$291,382.61 in specialty license plate fees for the year ended December 31, 2012.

Findings and Recommendations

Conflicting Support for Expenditures

IRS publication 583, *Starting a Business and Keeping Records*, explains supporting documents include sales slips, paid bills, invoices, receipts, deposit slips and canceled checks. The publication explains it is important to keep these documents because they support the entries in the book of accounts.

The IRS Compliance Guide for 501(c)(3) charities also describes supporting documents as grant applications and awards, sales slips, paid bills, invoices, receipts, deposit slips and canceled checks, and includes the importance for keeping such documents for expenses to support entries in the book of accounts.

During the 2012 Fiscal Year, the SNLT had \$7,344.30 in expenditures to a Certified Public Accounting firm for services invoiced as check writing, bookkeeping, preparation of Florida license plate affidavit, and preparation of the 2011 U.S. return of an exempt organization, Form 990.

Although the invoices provided as supporting documentation for these expenditures were for check writing, bookkeeping, preparation of Florida license plate affidavit, and preparation of the 2011 Form 990, the service agreement SNLT provided as further support was only for preparing the Form 990 and 990-T, and did not discuss any other services. Additionally, the invoices did not detail the hourly rates charged or the number of hours billed. Furthermore, the agreement was not signed by the SNLT president until January 2, 2013, after the expenditures occurred and does not detail the hourly rates to be charged or an estimated cost for the services.

The SNLT should have ensured a detailed agreement specifying the scope of all the work to be performed, the rates to be charged, and an estimated cost for the services was in place prior to incurring the expenses and that supporting invoices agreed with the service agreement.

Finding 1

The tax agreement the SNLT provided as support for services with a Certified Public Accounting Firm during the 2012 Fiscal Year did not agree with invoices the SNLT provided to support the expenditures.

Recommendation

We recommend the SNLT ensure supporting documentation is properly maintained and consistent with expenditures.

Management Response

We are in essential agreement with your findings.

All expenditures were supported by approved and cancelled invoices. Furthermore, all expenses were ordinary and necessary for our operations. Our expenditures for the year under audit were pursuant to either a current engagement approval by the board, or as part of a continuing outsourced arrangement previously approved by the board in a previous year.

We will consider ways to better memorialize these arrangements on an annual basis, which should serve to strengthen our documentation system for expenditures.

Purpose, Scope, and Methodology

The purpose of this audit was to determine the SNLT's compliance with Florida Statutes and organizational and Department policies and procedure.

The scope of this audit includes revenues and expenditures reported on the SNLT affidavit for the year ended December 31, 2011, and specialty license plate revenue and expenditures recorded in financial records for the year ended December 31, 2012.

The methodology included:

- Reviewing Department policies and procedures related to specialty license plate fees;
- Reviewing Florida Statutes related to specialty license plate fees;
- Reconciling the Department distribution of annual use fees to the fees reported by the SNLT;
- Reconciling the Department distribution of annual use fees to receipts recorded in the SNLT financial records;
- Reconciling revenue reported in the SNLT License Plate Program Schedule of Revenues and Expenditures to the SNLT financial records;
- Reconciling the expenditures reported in the SNLT License Plate Program Schedule of Revenues and Expenditures to the SNLT financial records;
- Tracing expenditures reported in the SNLT License Plate Program Schedule of Revenues and Expenditures to supporting documentation; and
- Examining the SNLT documentation for compliance with Section 320.08058(47)(b), F.S.

Distribution, Statement of Accordance, and Project Team

Distribution

Julie L. Jones, Executive Director
David Wilcox, President of the Sportsmen's National Land Trust Florida Chapter

Copies distributed to:

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

Statement of Accordance

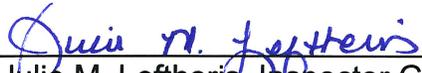
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement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

Project Team

Engagement conducted by:
Erin Mook, Auditor
Ashlea Whiddon, CIGA, Auditor

Under the supervision of:
David Ulewicz, Audit Director

Approved by:


Julie M. Leftheris, Inspector General

ATTACHMENT - Management Response

Sportsmen's National Land Trust -
Florida Chapter, Inc.
308 13th Street West
Bradenton, FL 34205

August 16, 2013

Mr. David Ulewicz, Audit Director
Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, FL 32399-0500

Dear Mr. Ulewicz:

Please find enclosed our response to your recent audit of the specialty license plate funds of the Sportsmen's National Land Trust - Florida Chapter, Inc.

Feel free to contact us if we can provide further information.

Sincerely,

David W. Wilcox, Esq.
President

Enclosure

SUPPORT FOR EXPENDITURES

We are in essential agreement with your findings.

All expenditures were supported by approved and cancelled invoices. Furthermore, all expenses were ordinary and necessary for our operations. Our expenditures for the year under audit were pursuant to either a current engagement approval by the board, or as part of a continuing outsourced arrangement previously approved by the board in a previous year.

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