



Specialty License Plate Audit Florida State University Foundation Audit Report 201112-29

April 2, 2013

Executive Summary

The purpose of this audit was to examine the Florida State University (FSU) Foundation financial data associated with collegiate specialty license plate fees for compliance with applicable laws, policies and regulations. The FSU Foundation is subject to audit pursuant to Section 215.97, Florida Statutes (F.S.), and is required to submit an annual audit report in accordance with rules promulgated by the Auditor General. The most recent audit the FSU Foundation submitted, for the 2011-12 Fiscal Year ended June 30, 2012, was used for this audit.

For every FSU license plate sold or renewed, a \$25 annual use fee is charged and distributed to the FSU Foundation, a non-profit corporation. The mission of the FSU Foundation is to enhance the academic vision and priorities of the Florida State University through organized fundraising activities and funds management. For the 2011-12 Fiscal Year, the FSU Foundation received \$1,707,885 in specialty license plate fees.

Section 320.08058(3)(b), F.S., specifies that the Board of Governors of the State University System shall require each state university to submit a plan for approval of the expenditure of all funds so designated. Collegiate license plate annual use fees are to be used only for academic enhancement, including scholarships and private fundraising activities.

Our evaluation determined the amounts reported in the FSU Foundation Collegiate License Plate Program Schedule of Revenues and Expenditures for the 2011-12 Fiscal Year, reflect revenues and expenditures in compliance with the requirements of Sections 320.08056 and 320.08058(3)(b), F.S.

During our evaluation, we determined the FSU Foundation has not submitted a revised plan for the expenditure of all specialty license plate funds to the Board of Governors of the State University System for approval.

The FSU Foundation concurred with our finding and recommendation and will submit an expenditure plan to the Florida Board of Governors for approval at their next board meeting, scheduled for June 18-20, 2013.

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, Florida Statutes (F.S.), authorizes the issuance of all specialty license plates and specifies the annual use fee for each of the 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 plates in its annual work plan.

The FSU specialty license plate was enacted in 1987. For every FSU license plate sold or renewed, a \$25 annual use fee is charged and distributed to the FSU Foundation, a non-profit corporation. The mission of the FSU Foundation is to enhance the academic vision and priorities of the Florida State University through organized fundraising activities and funds management.

Section 320.08058(3)(b), F.S., specifies that collegiate license plate annual use fees are to be distributed to the state or independent university foundation designated by the purchaser for deposit in an unrestricted account. The Board of Governors of the State University System shall require each state university to submit a plan for approval of the expenditure of all funds so designated. These funds may be used only for academic enhancement, including scholarships and private fundraising activities.

The FSU Foundation is subject to audit pursuant to Section 215.97, F.S., and is required to submit an audit report in accordance with rules promulgated by the Auditor General. The most recent audit the FSU Foundation submitted, for the 2011-12 Fiscal Year ended June 30, 2012, was used for this audit.

During the 2011-12 Fiscal Year, the FSU Foundation received \$1,707,885 in specialty license plate fees.

Results of Audit

The amounts reported in the FSU Foundation Collegiate License Plate Program Schedule of Revenues and Expenditures for the 2011-12 Fiscal Year, reflect revenues and expenditures in compliance with the requirements of Sections 320.08056 and 320.08058(3)(b), F.S.

During our evaluation, we identified the following issue involving compliance with Section 320.08058(3)(b), F.S., that requires management attention.

Findings and Recommendations

State Board of Governors Expenditure Plan Approval

Section 320.08058(3)(b), F.S., states the Board of Governors of the State University System shall require each state university to submit a plan for approval of the expenditure of all funds so designated.

On March 15, 1996, the Board of Regents (now the State University System of Florida Board of Governors) approved specialty license plate expenditure plans for nine universities, including FSU. The approved plans would be in effect indefinitely unless the university wished to deviate from the approved plan. At that time, FSU was approved to spend 82 percent of specialty license plate funds for fundraising and 18 percent for scholarships.

On May 22, 2009, the FSU specialty license plate expenditure plan was revised to allow up to 10 percent of expenditures for fundraising and 90 percent for scholarships. Although the revised plan was approved by the university president, it was not submitted to the State University System Board of Governors for approval.

For the 2011-12 Fiscal Year, the FSU Foundation Collegiate License Plate Program Schedule of Receipts and Expenditures reported scholarship expenditures of 92 percent and fundraising expenditures of 8 percent.

Finding 1

The FSU Foundation has not submitted a revised plan for the expenditure of all specialty license plate funds to the Board of Governors of the State University System for approval.

Recommendations

We recommend that the FSU Foundation submit a current expenditure plan for specialty license plate funds to the Board of Governors of the State University System for approval.

We also recommend the FSU Foundation revise procedures to require any changes to the spending plan are submitted to the Board of Governors of the State University System for approval prior to implementation.

Management Response

The FSU Foundation concurs with the finding and recommendation.

Action Plan – Submit the expenditure plan to the Florida Board of Governors for approval at their next board meeting. The submission will be prepared by the Provost and the Vice President of University Relations.

Revise procedures to require Board of Governors approval for any changes to the expenditure plan. The approval must be received before the change will be implemented.

Implementation – The next Board of Governors meeting is scheduled for June 18 – 20, 2013. The procedures have already been changed.

ATTACHMENT 1 - Purpose, Scope and Methodology

The purpose of this audit was to examine the FSU Foundation financial data associated with specialty license plate activities and determine compliance with applicable laws, policies and regulations.

The scope of this audit included revenues and expenditures reported in the FSU Foundation Collegiate License Plate Program Schedule of Revenues and Expenditures for the 2011-12 Fiscal Year, ended June 30, 2012.

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 FSU Foundation;
- Reconciling the Department distribution of annual use fees to receipts recorded in the FSU Foundation financial records;
- Reconciling revenue reported in the FSU Foundation Collegiate License Plate Program Schedule of Revenues and Expenditures to the FSU Foundation financial records;
- Reconciling the expenditures reported in the FSU Foundation Collegiate License Plate Program Schedule of Revenues and Expenditures to the FSU Foundation financial records;
- Tracing expenditures reported in the FSU Foundation Collegiate License Plate Program Schedule of Revenues and Expenditures to supporting documentation; and
- Examining the FSU Foundation supporting documentation for compliance with Section 320.08058(3)(b), F.S.

ATTACHMENT 2 - Audit Team and Statement of Accordance

Engagement Team

Erin Mook, Auditor
David Ulewicz, Audit Director

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 Inspectors General published by the Association of Inspectors General.

ATTACHMENT 3 - Addressee and Distribution List

Julie L. Jones, Executive Director
Jerry Ganz, FSU Foundation Chief Financial Officer

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
Laura Hensley, FSU Foundation Controller

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

**Florida Department of Highway Safety and Motor Vehicles
Office of Inspector General**

ATTACHMENT 4 - Management Response



THE FLORIDA STATE UNIVERSITY
FOUNDATION

March 27, 2013

David Ulewicz, Audit Director
Office of Inspector General
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500

Dear Mr. Ulewicz:

In response to your audit finding, we are submitting our required response which is attached.

It was a pleasure working with your audit staff. Both Lynda Williams and I found your team professional, easy to work with, and knowledgeable.

Please let me know if you need any further information.

Sincerely,

Laura F. Hensley
Controller
lhensley@foundation.fsu.edu

Cc: Jerry Ganz, FSU Foundation CFO
Lynda Williams, FSU Foundation Disbursements Manager
Ralph Alvarez, FSU Associate VP for Budget Planning & Financial Services
Erin Mook, DHSMV Auditor

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THE FLORIDA STATE UNIVERSITY
FOUNDATION

**Specialty License Plate Audit, Florida State University Foundation
Response**

State Board of Governors Expenditure Plan Approval

Finding 1 - The FSU Foundation has not submitted a revised plan for the expenditure of all specialty license plate funds to the Board of Governors of the State University System for approval.

Recommendation - We recommend that the FSU Foundation submit a current expenditure plan for specialty license plate funds to the Board of Governors of the State University System for approval.

We also recommend the FSU Foundation revise procedures to require any changes to the spending plan are submitted to the Board of Governors of the State University System for approval prior to implementation.

The FSU Foundation concurs with the finding and recommendation.

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Revise procedures to require Board of Governors approval for any change to the expenditure plan. The approval must be received before the change will be implemented.

Implementation – The next Florida Board of Governors meeting is scheduled for June 18 – 20, 2013. The procedures have already been changed.

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