



Specialty License Plate Audit
Surfing's Evolution and Preservation
Foundation, Inc. – Endless Summer
Audit Report 201314-28

June 27, 2014

Executive Summary

The purpose of this audit was to determine compliance with applicable laws, policies, and regulations related to the annual affidavit prepared by Surfing's Evolution and Preservation Foundation, Inc. (Foundation) for the Endless Summer specialty license plate. The Foundation 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 Foundation's fiscal year. The affidavits submitted by the Foundation, for the 2013, 2012, and 2011 Fiscal Years ended June 30, 2013, 2012, and 2011, were used for this audit.

For every Endless Summer specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Foundation, a non-profit organization established to fund programs, projects and activities that preserve and promote the sport of surfing. Section 320.08058(74)(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, and administrative costs directly associated with the Foundation's programs and specialty license plate. The remaining funds shall be used to fund the proposed Surfing's Evolution & Preservation Experience project, the provision of lifeguards, the building of artificial reefs, as well as to support organizations and programs that house the history and artifacts of surfing, promote the sport of surfing, support beaches and oceans, and promote education on beach safety, coastal pollution, and beach ecology.

During our audit, we determined that the Foundation 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 Endless Summer specialty license plate was enacted in 2010. For every Endless Summer specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Foundation, a non-profit organization established to fund programs, projects and activities that preserve and promote the sport of surfing.

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The Foundation received \$425,346.07 in specialty license plate fees for the 2013 Fiscal Year, \$230,339.53 for the 2012 Fiscal Year, and \$12,675.00 for the 2011 Fiscal Year.

We used the Foundation's 2013, 2012, and 2011 affidavits and financial records for this audit.

Results of Audit

During our audit, we determined that the Foundation generally complied with applicable laws, policies, and regulations related to the annual affidavit for the Endless Summer specialty license plate.

Purpose, Scope, and Methodology

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

The scope of this audit included revenues and expenditures reported on the Foundation affidavits for the 2013, 2012, and 2011 Fiscal Years, and specialty license plate revenue and expenditures reported in the Foundation's financial records for the 2013, 2012, and 2011 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 the Foundation'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 the Foundation;
- Reconciling the expenditures reported on the affidavit to the Foundation's financial records;
- Reviewing the use of funds by the Foundation 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(74)(b), F.S., and reviewing reasonableness of balances.

Distribution, Statement of Accordance, and Project Team

Distribution

Terry L. Rhodes, Executive Director
Malcolm Kirschenbaum, Vice-President, Surfing's Evolution and Preservation
Foundation, Inc.

Copies distributed to:

Diana Vaughn, Deputy Executive Director
Leslie Palmer, Chief of Staff
Boyd Walden, Director of Motorist Services
Steven Fielder, Deputy Director of Motorist Services
Julie Baker, Bureau Chief of Issuance Oversight
James Strickland, Accountant, Surfing's Evolution and Preservation, Inc.

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

Statement of Accordance

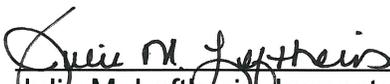
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement 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