

Specialty License Plate Audit

Children's Home Society of Florida

Stop Child Abuse

Audit Report 201415-37

November 17, 2015

Executive Summary

The purpose of this audit was to determine compliance with applicable laws, policies, and regulations related to the annual reporting made by the Children's Home Society of Florida (Society) for the Stop Child Abuse specialty license plate. The Society is required to submit a state single audit to the Department of Highway Safety and Motor Vehicles (Department) within nine months after the end of the Society's fiscal year. The state single audit submitted by the Society for the 2014 Fiscal Year ended June 30, 2014, was used for this audit.

For every Stop Child Abuse specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Society and the Florida Network of Children's Advocacy Centers, Inc. (Network), both non-profit organizations. Section 320.08058(41), Florida Statutes (F.S.), specifies that 50 percent of the proceeds shall be distributed to the Society, which must distribute the funds proportionately to each of its divisions, to be used for child abuse prevention programs.

The other 50 percent of the proceeds shall be distributed to the Network. The results of our audit of the Network are reported separately.

During our audit, we determined that the Society generally complied with applicable laws, policies, and regulations. However, we did note that compliance related to the statutory distribution of specialty license plate funds could be improved. The Society concurred with the audit findings.

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.

For every Stop Child Abuse specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Network and Society, both of which are non-profit organizations. Section 320.08058(41), F.S., specifies that 50 percent of the proceeds shall be distributed to the Society which must distribute the funds proportionately to each of its divisions, to be used for child abuse prevention programs.

The other 50 percent of the proceeds shall be distributed to the Network. The results of our audit of the Network are reported separately.

The Society received \$92,469 during the 2014 Fiscal Year.

We used the Society's 2014 Fiscal Year state single audit (filed pursuant to Section 215.97, F.S.) and financial records for this audit.

Findings and Recommendations

During our audit, we determined that the Society generally complied with applicable laws, policies, and regulations related to the Stop Child Abuse specialty license plate. However, we identified the following issue which requires management attention.

Statutory Required Distributions

Section 320.08058(41), F.S., requires the Society to distribute the specialty license plate funds proportionately to each of its divisions, to be used for child abuse prevention programs.

The Society has 15 regional locations (divisions) throughout the state. Multiple programs, including various child abuse prevention programs, are operated at the 15 divisions. During the 2014 Fiscal Year, the Society distributed \$92,469 in specialty license plate funds to five divisions which participated in a specific child abuse prevention program.

Finding 1

The Society can improve statutory compliance by distributing the specialty license plate funds proportionately to each of its divisions for child abuse prevention programs.

Recommendation

We recommend that the Society allocate specialty license plate funding proportionately to each of its divisions as required by statute.

Management Response

The Society stated that the proceeds will be equitably allocated across the entire state.

Purpose, Scope, and Methodology

The purpose of this audit was to determine the Society's compliance with applicable laws, policies, and regulations related to the annual reporting made by the Society for the Stop Child Abuse specialty license plate.

The scope of this audit included expenditures reported on the Society's Schedule of Expenditures of State Financial Assistance (state single audit) for the 2014 Fiscal Year, and specialty license plate revenue and expenditures reported in the Society's financial records for the 2014 Fiscal Year.

The methodology included:

- Reviewing Florida Statutes related to specialty license plate fees;
- Reviewing Department policies and regulations related to specialty license plate fees;
- Reviewing the Society's policies related to the use of specialty license plate fees;
- Reconciling the Department distribution of annual use fees to amounts reported by the Society;
- Reconciling the expenditures reported on the state single audit to the Society's financial records;
- Reviewing the use of funds by the Society to ensure there is adequate supporting documentation, and the expenditures are for purposes authorized by statute;
- Reviewing timing, availability, and content of reports such as affidavits, state single audits, or subrecipient monitoring; and
- Comparing expenditures to statutory requirements for distributions, and reviewing reasonableness of balances.

Distribution, Statement of Accordance, and Project Team

Distribution

Terry L. Rhodes, Executive Director
Diana Vaughn, Deputy Executive Director
Leslie Palmer, Chief of Staff
Robert Kynoch, Director of Motorist Services
Julie Larsen, Bureau Chief of Issuance Oversight

Michael J. Shaver, Chief Executive Officer, Children's Home Society of Florida
Robert J. Wydra, Chief Financial Officer, Children's Home Society of Florida
Charles Cromer, Chair, Children's Home Society of Florida

Melinda M. Miguel, Chief Inspector General
Sherrill F. Norman, Auditor General

Statement of Accordance

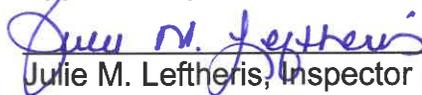
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement 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. Pursuant to Chapter 119, Florida Statutes, public records held by the Department's Inspector General are available upon request for inspection or copying.

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

No effort on behalf of children is ever wasted.



November 5, 2015

Michael J. Shaver
President/CEO
Shelley Katz
Secretary/COO
Robert J. Wydra, Jr.
Treasurer/CFO
Frank D. Gonzalez, Esq.
General Counsel

David Ulewicz
Florida HSMV
2900 Apalachee Parkway
Tallahassee, FL 32399-0500

Dear Mr. Ulewicz,

Board of Directors

Charles L. Cromer
Chair
Valerie Seidel
Vice Chair

CHS agrees with your findings and will allocate the proceeds equitably across the entire state as soon as the proceeds are received.

Richard Adams
Alfredo Aguirre
Aaron M. Bosshardt
Dr. Jacqueline Chang
Jeff Gordon
Kent Guinn
Frank Gulisano
Eric Jackson
Tony Jenkins
Nancy C. Kline
Laura Kolkman
Cindy Pullen
Katrina D. Rolle
Martin Rubin
Jalal "Jay" Shehadeh
Marjorie Reitz Turnbull
Miguel Viyella
Victoria Weber

If you have further questions please contact Bob Wydra, Chief Financial Officer at 321.397.0042.

Sincerely,

Michael J. Shaver
President/CEO

Home Office

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Leave a Legacy...Remember Children's Home Society of Florida in your estate planning.