

**Follow-up Review of the
Specialty License Plate Audit
Florida Association of Agencies Serving the Blind, Inc.
State of Vision
Advisory Memorandum 201819-05**

September 26, 2018

Executive Summary

The Office of Inspector General (OIG) of the Department of Highway Safety and Motor Vehicles (Department) is responsible for monitoring the disposition of audit recommendations communicated to the Florida Association of Agencies Serving the Blind, Inc., (Association) management.

The purpose of this review was to determine whether Association management has implemented corrective actions for the recommendation communicated in the Specialty License Plate Audit of the Florida Association of Agencies Serving the Blind, Inc. (201516-33), dated January 11, 2017.

Our follow-up review determined Association management has implemented corrective actions related to monitoring, classification, and reporting of administrative and marketing expenditures.

Results of Review

The following describes the status of the finding reviewed during the follow-up:

Statutory Allocation for Administration and Marketing - Specialty License Plate

Finding 1: Enhanced monitoring and separate classification and reporting of administrative and marketing expenditures would improve the Association's compliance with statutory limits.

Section 320.08056(10)(a), Florida Statutes (F.S.), states that specialty license plate fees may not be used for general or administrative expenses, except as authorized by Section 320.08058, F.S. Additionally, Section 320.08058(58)(c), F.S., states up to 5 percent of the annual use fee revenue shall be used for administrative costs and up to 20 percent shall be used for promotion and marketing of the specialty license plate.

The 2015 Fiscal Year affidavit reported the following revenue and non-program expense classifications:

Revenue (Annual Use Fees)	Expense: Advertising and Marketing	Expense: Administration	Combined Expense: Administration, Marketing, and Promotion
\$60,766.82	\$12,064.96	\$12,906.99	\$24,971.95

Based on the Association's accounting records and subsequent representations, we separately accumulated expenditures by classification. We identified administrative expenses were in excess of the statutory allocation by \$20,414.21 as noted below:

Expense Classification	Statutory Percentage Allowed	Statutory Allocation	Expended by Association	Expended Over (Under) Allocation
Administrative	5 %	\$3,038.34	\$23,452.55	\$20,414.21
Marketing and Promotion	20 %	\$12,153.36	\$1,519.40	(\$10,633.96)

Although the marketing allocation was not fully expended during the 2015 Fiscal Year, the statutes do not provide for carry-forward or carry-back of such funds. Therefore, organizations with administrative or marketing allocations allowed by statute have the option to use the funds on an annual basis, or reallocate the funds for program purposes at year end.

Recommendation

We recommend the Association:

- Separately classify administrative and marketing expenditures to ensure distinct reporting of each expenditure classification.
- Monitor the level of administrative and marketing expenditures to ensure that the statutory limit is not exceeded each year.
- Annually reallocate any unexpended administrative or marketing balances to fund programs authorized by Section 320.08058(58), F.S.

We further recommend the Association file its

- 2016 Fiscal Year affidavit by March 31, 2017, and
- 2017 Fiscal Year affidavit by March 31, 2018.

Management Response

Effective immediately, the financial records of the Association will be separately maintained to comply accordingly with Section 320.08058, F.S., whereby 5 percent of the annual use fee revenue for specialty license plates will be for administrative fees of the Association, 20 percent will be for marketing and promotion costs. The Association will maintain a liability account for the remaining 75 percent that will be equitably distributed, annually, to member agencies for authorized program purposes.

The financial records of the Association shall be monitored on a monthly basis for compliance with statutory expenditure limits for administrative and marketing costs. On an annual basis the Association will reallocate any unexpended administrative or marketing balance to member agencies for program purposes.

The Association will ensure Fiscal Year affidavits are filed by March 31st of the following year.

Management Corrective Actions

Each month upon receipt of the specialty plate monies from the State, 25 percent is recognized as revenue of the Association for administrative and marketing expenses. The 20 percent to be used for marketing and promotional costs is segregated into a restricted cash account on the balance sheet. Upon expenditure of any marketing or promotional items, the cash is moved to unrestricted cash to pay for such costs. At the end of the calendar year, a reconciliation is done to ensure no more than 20 percent of the specialty plate monies received were utilized for marketing and promotional costs and no more than 5 percent for administrative costs. If less than 20 percent was used for marketing and promotional costs, or less than 5 percent was used for administrative costs, the balance will then be equitably distributed to member agencies.

Follow-up Progress

We determined the status of corrective actions by reviewing the 2017 Fiscal Year affidavit, financial records, and selected marketing invoices. A review of the financial records indicated the Association has separately classified administrative and marketing expenditures, and can use its financial records to monitor the level of administrative and marketing expenditures. Based on the 2017 Fiscal Year affidavit, there were no unexpended administrative or marketing balances which needed to be reallocated for program expenses.

Status: Closed



Purpose, Scope, and Methodology

The purpose of this review was to determine whether Association management has implemented corrective actions for the recommendations communicated in the Specialty License Plate Audit of the Florida Association of Agencies Serving the Blind, Inc. (201516-33), dated January 11, 2017.

The scope of this review included one finding from the Specialty License Plate Audit of the Florida Association of Agencies Serving the Blind, Inc. (201516-33), dated January 11, 2017, and management's response to the recommendation which is included as an attachment to this report.

Our methodology included:

- Reviewing findings and recommendations from the Specialty License Plate Audit;
- Reviewing applicable Department policies, procedures, and processes;
- Reviewing Florida Statutes related to specialty license plates;
- Interviewing appropriate personnel; and
- Reviewing other applicable documentation.



Distribution, Statement of Accordance, and Project Team

Distribution

Terry L. Rhodes, Executive Director
Jamie DeLoach, Chief of Staff
Robert Kynoch, Director of Motorist Services
Kevin Bailey, Chief Administrative Officer, Division of Motorist Services
Jerilyn Bailey, Bureau Chief of Issuance Oversight

Sheryl Brown, President, Florida Association of Agencies Serving the Blind, Inc.
Elly du Pré, Executive Director, Florida Association of Agencies Serving the Blind, Inc.
Kimberly Church, Florida Association of Agencies Serving the Blind, Inc.

Eric Miller, 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:


David Ulewicz, Acting Inspector General

ATTACHMENT – Management Response



July 23, 2018

Cindy Fernald, Auditor
Office of Inspector General
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, Florida 32399-0500

Dear Ms. Fernald:

In response to your inquiry regarding the Follow-up Review of the Specialty License Plate Audit of the Florida Association of Agencies Serving the Blind, Inc. (Report # 201516-33), corrective actions taken for the audit finding and recommendations are provided below:

Finding 1: Enhanced monitoring and separate classification and reporting of administrative and marketing expenditures would improve the Association's compliance with statutory limits.

Recommendation

We recommend the Association:

- Separately classify administrative and marketing expenditures to ensure distinct reporting of each expenditure classification.
- Monitor the level of administrative and marketing expenditures to ensure that the statutory limit is not exceeded each year.
- Annually reallocate any unexpended administrative or marketing balances to fund programs authorized by Section 320.08058(58), F.S.

We further recommend the Association file its

- 2016 Fiscal Year affidavit by March 31, 2017, and
- 2017 Fiscal Year affidavit by March 31, 2018.

Sheryl Brown Anissa Brescia Kim Church Lisa Howard Kim Galbán-Countryman Ronee Silverman Elly du Pré, DPA
President Vice President Treasurer Secretary At Large Immed Past Pres. Executive Director

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Management Response

Effective immediately, the financial records of the Association will be separately maintained to comply accordingly with Section 320.08058, F.S., where by 5% of the annual use fee revenue for specialty license plates will be for administrative fees of the Association, 20% will be for marketing and promotion costs. The Association will maintain a liability account for the remaining 75% that will be equitably distributed, annually, to member agencies for authorized program purposes.

The financial records of the Association shall be monitored on a monthly basis for compliance with statutory expenditure limits for administrative and marketing costs. On an annual basis the Association will reallocate any unexpended administrative or marketing balance to member agencies for program purposes.

The Association will ensure Fiscal Year affidavits are filed by March 31st of the following year.

Corrective Actions

Each month upon receipt of the specialty plate monies from the State 25% is recognized as revenue of the Association for administrative and marketing expenses. The twenty percent (20%) that will be used for marketing and promotional costs is segregated into a restricted cash account on the balance sheet. Upon expenditure of any marketing and/or promotional items the cash is moved to unrestricted cash to pay for such costs. At the end of the calendar year, a reconciliation is done to ensure that not more than 20% of the specialty plate monies received were utilized for marketing and promotional costs and not more than 5% for Administrative costs. If less than 20% was utilized for marketing & promotional costs or less than 5% was utilized for administrative costs the balance will then be equitably distributed to the member agencies.

Please contact me at (727)544-4433 Ext 223 if you have questions.

Sincerely,

Florida Association Serving the Blind

Kimberly Church, CPA

Treasurer

cc: David Ulewicz, Audit Director

Sheryl Brown Anissa Brescia Kim Church Lisa Howard Kim Galbán-Countryman Ronee Silverman Elly du Pré, DPA
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