

## Follow-up Review of the Florida Agriculture Center and Horse Park Authority, Inc. Discover Florida's Horses Advisory Memorandum 201819-07

September 7, 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 Agriculture Center and Horse Park Authority, Inc. (Horse Park) management.

The purpose of this review was to determine whether Horse Park management has implemented corrective actions for the recommendations communicated in the Specialty License Plate Audit of the Florida Agriculture Center and Horse Park Authority, Inc. (201516-36), dated August 25, 2016.

Our follow-up review determined Horse Park management has implemented corrective actions related to the statutory limit of administrative expenditures, but has not timely submitted its annual reports.

### Results of Review

---

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

#### ***Statutory Allocation for Administrative, Marketing, and Promotion (AMP) Costs***

**Finding 1:** Enhanced monitoring and classification of administrative expenses would improve the Horse Park'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 320.08056(10)(b), F.S., states that administrative expenses include bookkeeping and support services of the organization. Lastly, Section 320.08058(74)(b)1, F.S., states that a maximum of 5 percent of the proceeds from the annual use fees may be used for the administration of the Florida Horse Park license plate program.

Our review of the 2015 Fiscal Year affidavit indicated that \$39,750 was expended for accounting and auditing services. Based on the revenue of \$106,712.13 reported on

the 2015 Fiscal Year affidavit, the Horse Park exceeded the statutory allocation of \$5,335.61 by \$34,414.39.

Administrative expenses were classified as operational expenses on the affidavit.

### **Recommendation**

We recommend that the Foundation monitor its level and classification of administrative expenses to ensure the statutory limit is not exceeded each year.

### **Management Response**

The Horse Park agreed that it needs to put in place a more thorough monitoring and classification system for approved expenses. The Horse Park will do this by separating administrative and operation expenses in its financial record-keeping so that assigned expenses will not exceed the statutory limit in the future.

### **Management Corrective Actions**

The Horse Park now tracks license plate income and approved operational expenses on a quarterly basis. When necessary, the Horse Park has only accounted for 5% of administrative costs, but this is rarely necessary as operational expenses more than cover the income received.

### **Follow-up Progress**

We reviewed the corrective actions and determined the Horse Park has a tracking system to assign expenses to the specialty license plate funds. The Horse Park primarily uses specialty license plate funds to pay for operational expenses, but its classification system also provides for the identification of administrative expenses. Therefore, the Horse Park could use its tracking system to identify and limit administrative expenses to the five percent allowed by statutes.

**Status:** Closed

### **Reporting**

**Finding 2:** The Horse Park can improve its timeliness of annual statutory reporting.

Section 320.08062(1)(b), F.S., requires organizations not subject to audits required by Section 215.97, F.S. (state single audit), to annually attest that annual use proceeds were used in compliance with law. The affidavit is annually made by the organization in a form and format determined by the Department. According to Section

320.08062(1)(c), F.S., the annual affidavit shall be submitted to the Department for review within 9 months after the end of the organization's fiscal year.

The Horse Park submitted the 2015 Fiscal Year affidavit 46 days after the statutory timeframe. The affidavit was due on March 31, 2016, and submitted on May 16, 2016. The Horse Park did not timely submit affidavits for the prior four fiscal years with delays ranging from one to three months.

## **Recommendation**

We recommend the Horse Park implement processes to ensure the annual affidavit, or state single audit, is submitted to the Department within the statutory timeframe.

## **Management Response**

The Horse Park agreed that it had been late in its annual reporting. In the past, the Horse Park controller only worked two days a week, but has recently increased her time in the office to four days a week. This will allow for a more timely response.

## **Management Corrective Actions**

The Horse Park has included in their audit preparation at year ending a determination of requirements. If the Horse Park is required to submit a single audit, it is scheduled in a timely manner. If the Horse Park needs to file an annual affidavit, the numbers are readily available because of the quarterly tracking.

## **Follow-up Progress**

We reviewed the corrective actions and determined the Horse Park did not timely file annual reports for its fiscal years ending June 30, 2016 and 2017.

- The annual affidavit is required to be filed with the Department within 9 months after the end of the Horse Park's fiscal year end. The 2015-16 Fiscal Year affidavit was dated April 24, 2017 (over 3 weeks late).
- The state single audit is required to be filed with the Department within 45 days after delivery of the audit to the Horse Park, but no later than 9 months after the Horse Park's fiscal year end. The 2016-17 Fiscal Year state single audit was submitted April 30, 2017 (a month late).

The Department's Bureau of Issuance Oversight (Bureau) withholds funds from organizations for late filings and releases funds once filings are received. The Bureau has previously withheld funds for the Horse Park for failing to file annual reports timely. The Horse Park should ensure its year end audit preparation processes provide for adequate scheduling to timely file annual reports.

Since the Bureau monitors the filing of annual reports, and has the ability to withhold funds for late filings, we will close this finding and rely on the Bureau's established processes to promote timely filing.

**Status:** Closed

## **Purpose, Scope, and Methodology**

---

The purpose of this review was to determine whether Horse Park management has implemented corrective actions for the recommendations communicated in the Specialty License Plate Audit of the Florida Agriculture Center and Horse Park Authority, Inc. (201516-36), dated August 25, 2016.

The scope of this review included two findings from the Specialty License Plate Audit of the Florida Agriculture Center and Horse Park Authority, Inc. (201516-36), dated August 25, 2016, and management's response to the recommendations 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

Jason Reynolds, Executive Director, Florida Agriculture Center and Horse Park Authority, Inc.  
Carol Dover, Chair, Florida Agriculture Center and Horse Park Authority, 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



August 6, 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 Agricultural Center and Horse Park Authority, Inc., (Report # 201516-36), corrective actions taken for the audit findings and recommendations are provided below:

***Statutory Allocation for Administrative, Marketing, and Promotion (AMP) Costs***

**Finding 1:** Enhanced monitoring and classification of administrative expenses would improve the Authority's compliance with statutory limits.

**Recommendation:** We recommend that the Foundation monitor its level and classification of administrative expenses to ensure that the statutory limit is not exceeded each year.

**Corrective Actions:** The Horse Park now tracks license plate income and approved operational expenses on a quarterly basis. When necessary we have only accounted for 5% of administrative costs, but this is rarely necessary as operational expenses more than cover the income received.

***Reporting***

**Finding 2:** The Authority can improve its timeliness of annual statutory reporting.

**Recommendation:** We recommend the Authority implement processes to ensure the annual affidavit, or state single audit, is submitted to the Department within the statutory timeframe.

**Corrective Actions:** The Horse Park has included in their audit preparation at year ending a determination of requirements. If the Horse Park is required to submit a single audit, it is scheduled in a timely manner. If the Horse Park needs to file an annual affidavit the numbers are readily available because of the quarterly tracking.

Respectfully Submitted,  
Florida Horse Park

Jason Reynolds  
Executive Director, Florida Horse Park

Cc: David Ulewicz, Audit Director

Florida Agriculture & Horse Park Authority, Inc.  
11008 S Highway 475 • Ocala • Florida • 34480  
Phone: 352-307-6699  
Fax: 352-307-6799  
www.flhorsepark.com