

## Follow-up Review of the Specialty License Plate Audit Edward Waters College Advisory Memorandum 201819-13

October 16, 2018

### Executive Summary

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The Office of Inspector General of the Department of Highway Safety and Motor Vehicles (Department) is responsible for monitoring the disposition of audit recommendations communicated to the Edward Waters College (EWC) management.

The purpose of this review was to determine whether EWC management has implemented corrective actions for the recommendation communicated in the Specialty License Plate Audit of the Edward Waters College (201617-27), dated July 31, 2017.

Our follow-up review determined EWC management has implemented corrective actions related to annual reporting.

### Results of Review

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

#### *Annual Reporting*

**Finding 1:** Annual reporting can be improved by consistently calculating and recording the balances of the specialty license plates.

Section 320.08062, Florida Statutes (F.S.), requires the submission of an annual attestation (affidavit) or state single audit. The law also provides the Department establish the format of the affidavit. The Division of Motorist Services, Bureau of Issuances Oversight (Bureau) describes the format in its Procedures and Guidelines and in the sample template on its website. The guidance requires the ending balance of the current year be carried forward as the beginning balance of the next year. The guidance further requires any difference be explained.

An analysis of EWC annual affidavits indicated the calculation and recording of the beginning balances and ending balances did not always follow Department guidelines. The affidavits for the 2014 and 2015 Fiscal Years accounted for only the current year revenues and expenditures and did not report the balances from prior years.

Upon inquiry, EWC:

- Provided an updated analysis of balances, including a restatement of expenditures for the 2014 and 2015 Fiscal Years. The restatements also impacted the 2016 balances.
- Established a separate account code for specialty license plates to facilitate accounting for and reporting specialty license plate funds.
- Indicated it arranged for an annual state single audit as required in Section 215.97, F.S.

Beginning with the 2017 Fiscal Year, EWC will file a state single audit rather than a compliance affidavit as provided in Section 320.08062, F.S. The annual state single audit will include specialty license plate expenditures on the Schedule of Expenditures of State Financial Assistance.

## **Recommendation**

We recommend EWC:

- Submit restated affidavits for the 2014, 2015, and 2016 Fiscal Years to the Bureau.
- Ensure the expenditures reported in future state single audits are based on specialty license plate expenditures recorded contemporaneously in EWC accounting records.

## **Management Response**

Based on the recommendation mentioned in the Specialty License Plate Audit findings, EWC agrees with the recommendation. EWC has established a separate account code to facilitate the accounting of Specialty License Plate Funds and Expenditures. In addition, EWC has also provided revised and restated affidavits for Fiscal Years 2014, 2015, and 2016 to the program officer.

Effective July 1, 2017, instead of providing affidavits, the expenditures related to Specialty License Plates will be reported as a separate line item in the state single audit.

## Management Corrective Actions

Based on the above recommendations, corrective actions were implemented in Fiscal Year ended June 30, 2017. The revised and restated affidavits for previous years were provided to the Department program officer. A separate account code to accurately account for specialty license plate funds was set up. There were expenditures of \$55,000 for scholarships awarded to Students enrolled in Academic Year 16-17. These expenses were also reported as a separate line item in the state single audit for Fiscal Year 16-17.

## Follow-up Progress

We determined the status of corrective actions by reviewing the 2017 and 2018 Fiscal Year financial records. We observed the separate recording of specialty license plate revenues and the related scholarship expenses. We also reviewed the amounts reported in the state single audit for the 2017 Fiscal Year.

**Status:** Closed

## Purpose, Scope, and Methodology

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The purpose of this review was to determine whether EWC management has implemented corrective actions for the recommendations communicated in the Specialty License Plate Audit of the Edward Waters College (201617-27), dated July 31, 2017.

The scope of this review included one finding from the Specialty License Plate Audit of the Edward Waters College (201617-27), dated July 31, 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  
Jennifer Langston, Acting 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

Dr. A. Zachary Faison, Jr., President, Edward Waters College  
Bishop Adam J. Richardson, Board Chair, Edward Waters College

Eric Miller, Chief Inspector General  
Sherrill F. Norman, Auditor General

### Statement of Accordance

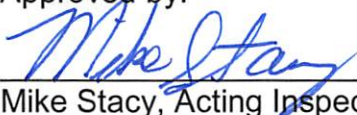
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement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



Mike Stacy, Acting Inspector General

**ATTACHMENT – Management Response**

**EDWARD WATERS COLLEGE**

OFFICE OF BUSINESS & FINANCE



September 29, 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 Edward Waters College (Report # 201617-27), corrective actions taken for the audit finding and recommendations are provided below:

Finding 1: Annual reporting can be improved by consistently calculating and recording the balances of the specialty license plates.

**Recommendations**

We recommend EWC:

- Submit restated affidavits for the 2014, 2015, and 2016 Fiscal Years to the Bureau.
- Ensure the expenditures reported in future state single audits are based on specialty license plate expenditures recorded contemporaneously in EWC accounting records.

**Management Response**

Based on the recommendation mentioned in the Specialty License Plate Audit findings the college agrees with the recommendation. The college has established a separate account code to facilitate the accounting of Specialty License Plate Funds and Expenditures. In addition, the college has also provided revised and restated affidavits for Fiscal Years 2014, 2015, and 2016 to the program officer.

Effective July 1, 2017, instead of providing affidavits the expenditures related to Specialty License Plates will be reported as a separate line item in the state single audit.

Page 1 of 2

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## Corrective Actions

Based on the above recommendations, corrective actions were implemented in Fiscal Year ended June 30, 2017. The revised and restated affidavits for previous years were provided to the program officer. A separate account code to accurately account for Specialty License Plate funds was set up. There were expenditures to the tune of \$55,000 for scholarships awarded to Students enrolled in Academic Year 16-17. These expenses were also reported as a separate line item in the state single audit for fiscal year 16-17.

  
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Mr. Randolph Mitchell  
Vice President for Business & Finance

cc: David Ulewicz, Audit Director

Page 2 of 2

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