



Specialty License Plate And Voluntary Contributions Audit Florida Breast Cancer Coalition Research Foundation, Inc. End Breast Cancer Audit Report 201920-12

March 16, 2020

Executive Summary

The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting by the Florida Breast Cancer Coalition Research Foundation, Inc., (Foundation) for the End Breast Cancer specialty license plate and voluntary contributions. The Foundation is required to submit a Specialty License Plate Revenue, Expenditure, and Compliance Affidavit, or state single audit, to the Department of Highway Safety and Motor Vehicles (Department) within nine months after the end of the Foundation's fiscal year for both the specialty plate and the voluntary contributions. The affidavits submitted by the Foundation for the 2018 Fiscal Year ended June 30, 2018, were used for this audit.

For every End Breast Cancer specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Foundation.

During our audit, we determined the Foundation materially complied with applicable laws and policies related to the annual affidavit for the End Breast Cancer specialty license plate. However, we did note that compliance could be enhanced through improved monitoring and reporting of administrative and marketing expenditures related to the End Breast Cancer specialty license plate. The Foundation agreed and intends to modify the method for identifying and accounting for administrative and marketing expenses.

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, Florida Statutes (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.

Sections 320.02 and 322.08, F.S., permit applicants to make voluntary contributions of specified minimum amounts to various organizations for philanthropic and other causes

during the motor vehicle and driver’s license registration and renewal processes, respectively.

Sections 320.08062(3), 320.023(7), and 322.081(7), F.S., grant the Department authority to examine all records relating to the use of specialty license plate funds and voluntary contributions, respectively. The Office of Inspector General included the examination of specialty license plate and voluntary contributions recipient organizations in its annual work plan.

During the motor vehicle and driver’s license registration and renewal processes, voluntary contributions of \$1 to be distributed to the Organization are permitted by Sections 320.02(16)(u) and 322.08(8)(t), F.S., respectively.

For every End Breast Cancer 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 administer and award grants for cardiovascular research, education and prevention. Section 320.08058(33)(c), Florida Statutes (F.S.), specifies that no more than 20 percent of the annual use fees may be used for administrative costs directly associated with the operation of the Foundation and marketing and promotion of the Florida breast cancer research concept and license plate. The remaining funds shall be used to fund breast cancer education and research. Research funding shall be made available for the following:

- Basic, clinical, and translational breast cancer research;
- Epidemiological studies of breast cancer;
- Research on possible links between breast cancer and the environment;
- Psychoimmunological research; and
- Innovative awards and idea grants.

The End Breast Cancer specialty license plate was established in 2002 and the voluntary contributions were established in 2015. Other information regarding the specialty license plate and voluntary contributions for the 2018 Fiscal Year are included below:

	Revenues	Number of Plates or Contributors
Specialty License Plate	\$534,540.04	20,723
Voluntary Contributions	\$78,471.91	28,527
Source:	Organization Attested Affidavits	Department Records



We used the Foundation's 2018 Fiscal Year affidavits and financial records for this audit.

Results of Audit

During our audit, we determined the Foundation generally complied with applicable laws and policies related to the annual reporting for the End Breast Cancer specialty license plate. However, we identified the following issue which requires management attention.

Statutory Allocation for Administration and Marketing - Specialty License Plate

Finding 1: Reporting Accuracy- The accuracy of expenditures reported on the affidavit can be improved.

Section 320.08062(1)(b), F.S., requires organizations receiving distributions of annual use fees to provide for an annual reporting of the use of fees according to a format determined by the Department. The affidavit (in a format prescribed by FLHSMV) filed by the FBCCF includes an annual reporting of revenues and expenditures.

Section 320.08058(33), F.S., provides that no more than 20 percent of fees collected may be used for administrative costs directly associated with the operation of the Florida Breast Cancer Coalition Research Foundation, Inc., and marketing and promotion of the Florida breast cancer research concept and license plate.

The Foundation reported expenditures by more than the amount allowed by law for administrative, marketing and promotion (AMP) purposes for the 2018 Fiscal Year.

Our review of the 2018 affidavit filed by the Foundation indicated that \$115,378.01 was expended for administrative and marketing purposes. Based on the \$534,540.04 reported revenues in the 2018 Fiscal Year, the Foundation exceeded the statutory limitation of \$106,908.01 by \$8,470.00.

For the months of May 2017 and June 2017, the Foundation delayed transferring the statutorily allowed 20 percent to be used for AMP expenses until July 2017. The lack of timeliness in performing the transfer resulted in the Foundation carrying the collected revenue into the next fiscal year. The submitted affidavit reflected that the Foundation calculated the 20 percent funds transfer for administrative and marketing costs based on 13 months of specialty license plate revenue which included two months of the prior fiscal year revenue (May and June 2017) and excluded one month of the current fiscal year revenue (June 2018).



Due to the Foundation's delay of recording the 20 percent allowed AMP financial transfer entry in the financial records until the new fiscal year, the expenditures reported were overstated.

Recommendation

We recommend the Foundation ensure only current fiscal year specialty license plate revenues are used for calculating and reporting administrative and marketing allocations.

Management Response

The Foundation is modifying procedures to guarantee that expenses incurred during each fiscal year will be paid during those years and that no more than 20 percent of the specialty license plate revenues received during a fiscal year will be paid for non-grant award allowable administrative and marketing expenses.

Purpose, Scope, and Methodology

The purpose of this audit was to determine the Foundation's compliance with applicable laws and policies related to the annual reporting by the Foundation for the End Breast Cancer specialty license plate and voluntary contributions.

The scope of this audit included specialty license plate and voluntary contributions revenue and expenditures reported on the Foundation's affidavits for the 2017-18 Fiscal Year, and specialty license plate and voluntary contributions revenue and expenditures reported in the Foundation's financial records for the 2017-18 Fiscal Year.

The methodology for the audit of the End Breast Cancer specialty license plate included:

- Reviewing Florida Statutes, Department policies, and Foundation policies;
- Reconciling the Department's distribution of specialty license plate fees and voluntary contributions 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 the expenditures are for purposes authorized by statute;
- Reviewing timing, availability, and content of reports such as affidavits, single audits, or subrecipient monitoring; and



- Comparing expenditures to statutory requirements for annual allocation limits and reviewing reasonableness of balances.



Distribution, Statement of Accordance, and Project Team

Distribution

Terry L. Rhodes, Executive Director
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Robert Kynoch, Director of Motorist Services
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Dr. Conor Lynch, Chair, Florida Breast Cancer Coalition Research Foundation, Inc.
Tracy Jacim, President & Chief Executive Officer, Florida Breast Cancer Coalition Research Foundation, Inc.
Russell Silverman, Chief Financial Officer, Florida Breast Cancer Coalition Research Foundation, Inc.

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:
Jill Sittig, Auditor

Under the supervision of:
Erin Mook, Acting Audit Director

Approved by:


Mike Stacy, Acting Inspector General

ATTACHMENT – Management Response

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WEBSITE

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Registration and

Financial Information

TAX ID# 01-0694845 A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

No goods or services have been received and the full amount is tax deductible as allowable to the extent of the law.



March 13, 2020

Erin Mook, Acting Audit Director
Florida Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, FL 32399

Dear Ms. Mook,

Hello, I hope this finds you doing well. Please see our revised response below. We are committed to excellence and appreciate your input.

Please call me if you have any questions or concerns.

The Florida Breast Cancer Foundation has modified its procedures in managing the Specialty License Plate (SLP) funds that it receives from the State of Florida. The procedures guarantee that no more than 20% of the SLP funds will be spent for allowable administrative and marketing expenses in any fiscal year and that allowable expenses incurred during a fiscal year are not reimbursed in a different fiscal year.

The procedures that will be implemented immediately are the following:

- *Grant awards for scientific and education proposals may be paid at any time during the fiscal year including at the end of June.*
- *All costs for scientific reviewers will be paid out of the SLP bank account and not from the non-SLP unrestricted bank accounts.*
- *All unique identifiable costs supporting the efforts of Florida's Tax Collectors in supporting the purchase of the End Breast Cancer SLP will be paid out of the SLP bank account and not from the non-SLP unrestricted bank accounts.*
- *On June 15th of each fiscal year, all other allowable administrative and marketing expenses including the portion of salaries, office lease, etc. used to support the generation of the revenue of the End Breast Cancer SLP that were paid from the non-SLP bank accounts will be reimbursed to the operating account from the SLP bank account. The amount to be reimbursed will not exceed 20% of the SLP revenues received through June 15th less the expenses incurred for scientific reviewers and the support of Tax Collector offices.*

These procedures guarantee that expenses incurred during each fiscal year will be paid during those years and that no more than 20% of the SLP revenues received during a fiscal year will be paid for non-grant award allowable administrative and marketing expenses whether paid from the SLP bank accounts or reimbursed to the non-SLP bank accounts.

Thank you,



Tracy Jacim
President & CEO
Florida Breast Cancer Foundation



Russell Silverman
Chief Financial Officer
Florida Breast Cancer Foundation