

**Specialty License Plate Audit**  
**Bike Florida, Inc.**  
**Share the Road**  
Audit Report 201920-20

May 26, 2020

## Executive Summary

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The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting by the Bike Florida, Inc., (Organization) for the Share the Road specialty license plate. The Organization 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 Organization's fiscal year. The affidavit submitted by the Organization for the 2018 Fiscal Year ended December 31, 2018, was used for this audit.

For every Share the Road specialty license plate sold or renewed, a \$15 annual use fee is charged and distributed, as required by statute, to the Organization.

During our audit, we determined the Organization generally complied with applicable laws and policies related to the annual affidavit for the Share the Road specialty license plate. However, we did note compliance should be improved through better management of unexpended marketing and promotion funds at the fiscal year-end. We additionally determined the Organization should maintain adequate supporting documentation and improve classification and recording of expenditures. The Organization agreed with the audit findings.

## Background and Introduction

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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.

Section 320.08062, F.S., grants the Department the 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 Share the Road specialty license plate sold or renewed, a \$15 annual use fee is charged and distributed, as required by statute, to the Organization. Section 320.08058(30), F.S., specifies up to 25 percent of annual use fees shall be used for marketing and promotion of the “Share the Road” concept and license plate. The remaining funds shall be divided equally between Bike Florida, Inc. and the Florida Bicycle Association, Inc. (FBA) to be used for:

- Education and awareness programs, for bicycle safety and motorist safety, with emphasis on sharing the roadway by all users.
- Training, workshops, educational materials, and media events.
- The promotion of safe bicycling.

The Share the Road specialty license plate was established in 1999. There were 11,173 active Share the Road specialty license plates as of December 2018. The Organization reported receipts of \$167,256.32 in specialty license plate fees for the 2018 Fiscal Year.

## Results of Audit

During our audit, we determined the Organization generally complied with applicable laws and policies related to the annual reporting for the Share the Road specialty license plate. However, we identified the following issues which require management attention.

### *Annual Statutory Allocations for Marketing, Recipient Program and Sub-recipient*

**Finding 1:** Unexpended annual marketing and promotion funds at the fiscal year-end were not correctly calculated or reallocated by the Organization to be used for programs.

Section 320.08058(30)(b) requires fees to be distributed to Bike Florida, Inc., and up to 25 percent shall be used for marketing and promotion of the “Share the Road” concept and license plate. The remaining funds shall be divided equally between Bike Florida, Inc. and the Florida Bicycle Association, Inc.

Department Procedures and Requirements for Specialty License Plate and Voluntary Contribution Organizations (May 2013) states that balances of fees for marketing and promotion funds may not be carried over to future years.

As the primary recipient of the fees from the Share the Road specialty license plate, the Organization is responsible for allocating and distributing the funds according to



statutory requirements. At the 2017 fiscal year-end, there were \$7,400.81 in unspent marketing and promotion funds. Because the statutes do not provide for carry-forward of such funds, unspent funds should be split equally between the Organization and FBA and reallocated for program purposes. However, on the 2018 income statement, the Organization carried forward these funds, a portion of which offset a net loss of operating income of \$2,303.31, and then listed \$5,197.50 as regular program funds received. The Organization then disbursed \$5,197.50 to FBA at the beginning of the 2019 fiscal year, creating an overallocation to FBA.

Further, the allocation of the remaining marketing and promotion balance from the 2017 fiscal year-end was not calculated accurately to ensure funds were equally distributed during the 2018 fiscal year between the two organizations and did not occur timely in order to be accounted for in the proper fiscal year.

## **Recommendation**

We recommend the Organization annually reallocate any unexpended marketing and promotion funds equally between the Organization and FBA to fund programs authorized in Section 320.08058 (30) F.S.

We additionally recommend the Organization implement a process to ensure allocations of regular program and unexpended marketing funds are accurately calculated, timely distributed, and correctly recorded in the Organization's financial statements.

## **Management Response**

The Organization agrees with the finding and is in the process of correcting allocation disbursements through written procedures, establishing a separate checking account to identify only Share the Road specialty license plate revenues, and developing a system to maintain up to date records of marketing funds and expenditures as they are received and spent.

## **Recordkeeping**

**Finding 2:** The Organization should improve its retention of support documentation and classification of expenditures.

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



According to the Department Procedures and Requirements for Specialty License Plate and Voluntary Contribution Organizations (May 2013), expenditures reported on the affidavit are subject to disallowance if they cannot be substantiated with a detailed employee time sheet, or a receipt, cancelled check, etc. Additionally, Section 215.97(8)(d), F.S., requires that records be maintained for the expenditure of funds.

Our review of the records for the Share the Road marketing and program expenses maintained by the Organization indicated ten expenditures totaling \$12,053.91 were not adequately documented. Additionally, three expenditures totaling \$776.27 were misclassified as marketing expenditures.

The absence of documentation related to the marketing and program expenditures makes it unclear if the transactions are allowed by statute. Misclassification in recording expenditures produces an incorrect expense account total which affects allocations allowed by Section 320.08058(30), F.S.

Through discussion with Organization management, we concluded the expenditures generally appeared to be related to Share the Road activities and programs. However, after-the-fact determinations are not a reasonable substitute for contemporaneous recordkeeping. Also, classification of expenditures should align with proper accounting principles.

## **Recommendation**

We recommend the Organization develop and implement processes to enhance the retention of support documentation, as well as classification and recording of expenditures to provide for accurate and complete recordkeeping.

## **Management Response**

The Organization is developing official procedures for record-keeping and support documentation to supplement financial reporting.



## Purpose, Scope, and Methodology

The purpose of this audit was to determine the Organization's compliance with applicable laws and policies related to the annual reporting by the Organization for the Share the Road specialty license plate.

The scope of this audit included specialty license plate revenues and expenditures reported on the Organization's affidavit for the 2018 Fiscal Year, and specialty license plate revenue and expenditures reported in the Organization's financial records for the 2018 Fiscal Year.

The methodology for the audit of the Share the Road specialty license plate included:

- Reviewing Florida Statutes, Department policies, and Organization policies;
- Reconciling the Department's distribution of specialty license plate fees to revenues reported on the affidavit filed by the Organization;
- Reconciling the expenditures reported on the affidavit to the Organization financial records;
- Reviewing the use of funds by the Organization 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

Jennifer Langston, Chief of Staff

Robert Kynoch, Director of Motorist Services

Stephanie Duhart, Chief Administrative Officer, Division of Motorist Services

Joy Hancock, Executive Director, Bike Florida, Inc.

Nicoulin Colleen, Board President, Bike Florida, 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:

A handwritten signature in blue ink that reads "Mike Stacy".

Mike Stacy, Acting Inspector General



## ATTACHMENT – Management Response



*Our mission is to help Florida communities improve their economic health, bicycle infrastructure, and safety through bicycle tourism.*

### **BIKE FLORIDA**

ERIN MOOK  
ACTING AUDIT DIRECTOR  
Florida Highway Safety and Motor Vehicles (FLHSMV)  
2900 Apalachee Parkway  
Tallahassee, FL 32399  
May 15, 2020

Dear Ms. Mook,

Please consider this letter as my formal recognition and acceptance of the findings and recommendations of the FLHSMV audit for the Share the Road License Plate. Below are our corrective actions and time frames for each finding.

#### Finding 1

- Due to miscalculations of reallocation funds between the FBA and Bike Florida, the Executive Director is currently working on improving her understanding of how funds should be reallocated, and at the end of the year will consult with FLHSMV officials to double check correct disbursements. Once we confirm that we are correctly allocating funds we will write a formal procedure for staff so that practices remain consistent in following years.
- The Organization plans to completely separate Share the Road income and accounting from Bike Florida. We are setting up a checking account just for Share the Road deposits and it will be run as its own company. We hope to have this in place by the end of June or July at the latest, if not sooner.
- We are currently working on developing a system for us to keep an ongoing, up to date record of marketing funds as they are received and spent. Currently this is being done on a quarterly basis, with the aim of making it a monthly process.

#### Finding 2

- The Organization is developing official procedures for record-keeping and support documentation to supplement financial reporting. STR Marketing expenditures will be reported on a monthly basis in order to keep an accurate, ongoing account. The Organization will consult with the FLHSMV from time to time to confirm correct record keeping.

Please do not hesitate to contact me should you have any additional questions or comments.

Sincerely,

*Joy Hancock*

**JOY HANCOCK**  
Bike Florida Executive Director

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