



Compliance with Executive Order 20-44 Review Advisory Memorandum 202021-29

July 19, 2021

Executive Summary

Governor Ron DeSantis issued Executive Order (EO) 20-44 on February 20, 2020, which requires state agencies to review executive leadership compensation for entities named in statute which must form a sole-source, public-private agreement; or which annually receive 50 percent or more of their budget from state funds or a combination of state and federal funds. As directed by Section 4 of EO 20-44, the Department is responsible for collecting and reviewing annual reports regarding total executive leadership compensation and other documentation from entities which meet the criteria outlined in the Order.

The objective of this engagement was to review the Department's compliance with EO 20-44, Section 4. The scope of this review included the Department's actions in response to the directives in EO 20-44.

Our review determined the Department generally complied with the requirements outlined in EO 20-44, Section 4.

Background and Introduction

Governor Ron DeSantis issued Executive Order (EO) 20-44 on February 20, 2020, in response to discovered misappropriation of state funds by a private entity to increase executive leadership compensation.

Section 1 of EO 20-44 required state agencies to submit a list of entities named in statute with which the agency must form a sole-source, public-private agreement, or that, through contract or other agreement with the state, annually receive 50 percent or more of their budget from the state or from a combination of state and federal funds. The Department identified 14 entities which received 50 percent or more of their budget from state and/or federal funds, and submitted the list as required on June 5, 2020. The Department did not identify any entities named in statute with which it must form a sole-source, public-private agreement.

Section 4 of Executive Order 20-44 requires the following:

- Each executive agency shall require, from entities that meet the criteria listed in Section 1 of the Order, an annual report, including the most recent IRS Form 990, detailing the total compensation for the entities' executive leadership teams.



- Contracted entities must agree through appropriate contract or grant agreement amendment to inform the agency of any changes in total executive compensation between the annual reports.
- All compensation reports must indicate what percent of compensation comes directly from the state or federal allocations to the contracted entity.

As directed by EO 20-44, the Department is responsible for collecting an annual report regarding total executive leadership compensation and other documentation from entities with which the Department must form a sole-source, public-private agreement or which annually receive 50 percent or more of their budget from state and/or federal funds.

Accordingly, each state agency must attest that:

- As necessary, the state agency amended all applicable contracts and grant agreements to comply with Section 4 of EO 20-44 by requiring the submission of an annual report including compensation information described above.
- The state agency has modified its internal contract and grant administration procedures to require this information from current and future agreements with entities that meet the criteria in Section 1.

Results of Review

As directed by EO 20-44, the Department identified 14 entities which reported they received 50 percent or more of their budget from state and/or federal funds. All 14 entities identified were specialty license plate fund recipient organizations. The Department developed a procedure which requires specialty license plate fund recipient organizations to report whether their annual budgets are funded 50 percent or more by state and/or federal funds. Entities that meet the criteria submit an annual report, including documentation of total compensation for the entities' executive leadership team, to the Department. The Department reviews the annual report, and if the compensation totals exceed limits set forth in federal or state law and regulations, the Department will refer the matter to the Office of the Chief Inspector General for investigation and appropriate action.

Although the Department did not identify any entities with which it is required to form a sole-source, public-private agreement, the Department has modified standard contract language to ensure future agreements include provisions for compliance with EO 20-44.

Additionally, the Department's Purchasing and Contracts Manual is being updated to include the applicable requirements of EO 20-44. The Department updated its instructions to specialty license plate fund recipient organizations to include EO 20-44 references and requirements.



Conclusion

Our review determined the Department generally complied with the requirements outlined in EO 20-44, Section 4.

Purpose, Scope, and Methodology

The purpose of this engagement was to review Department compliance with EO 20-44, Section 4. The scope of this review includes the Department's actions in response to the directives in EO 20-44.

The methodology included:

- Reviewing EO 20-44 and additional guidance;
- Reviewing applicable Department procedures and forms; and
- Interviewing Department staff.



Distribution, Statement of Accordance, and Project Team

Distribution

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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.

Project Team

Engagement conducted by:
Destiny Thomas, Auditor

Under the supervision of:
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Approved by:



Mike Stacy, Inspector General