



Specialty License Plate Audit
Harbor Branch Oceanographic Institute
Foundation, Inc.
Save Our Seas
Audit Report 202021-12

June 16, 2021

Executive Summary

The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting by the Harbor Branch Oceanographic Institute Foundation, Inc., (Foundation) for the Save Our Seas specialty license plate. 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. The state single audit submitted by the Foundation for the 2019 Fiscal Year ended June 30, 2019, was used for this audit.

For every Save Our Seas 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 generally complied with applicable laws and policies related to the annual state single audit for the Save Our Seas specialty license plate. However, we noted compliance should be improved by maintaining adequate support documentation for administrative expenditures.

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.

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 Save Our Seas specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Foundation. Section 320.08058(44)(b), F.S.,¹ specifies annual revenues shall be used in the following manner:

- Ten percent of funds shall be distributed to the Guy Harvey Research Institute of the Nova Southeastern University Oceanographic Center to conduct fisheries and shark research in the state; and
- Up to fifteen percent may be used for administrative costs directly associated with Harbor Branch Oceanographic Institution's marine science and marine education programs and administrative costs associated with the Save Our Seas license plate; and
- Up to ten percent may be used for continuing promotion and marketing of the license plate; and
- The remaining funds shall be used to conduct scientific research and education on marine plants and animals and coastal oceanography in state marine waters; to collect and analyze long-term data sets on the state's critical marine habitats; to determine changes in populations and communities of marine organisms and their impacts on the use of the state's marine resources; to maintain reference collections of scientific specimens and photographic archives of marine plants and animals; and to conduct scientific conferences of relevance to the state's marine resources and their management, utilization, and conservation.

The Save Our Seas specialty license plate was established in 2004. There were 37,467 active Save Our Seas specialty license plates as of June 2019. The Foundation reported receipts of \$992,641.35 in specialty license plate fees for the 2019 Fiscal Year.

In a 2007 amendment to the articles of incorporation, a name change occurred from Harbor Branch Oceanographic Institution, Inc., to Harbor Branch Oceanographic Institution Foundation, Inc., adding the word "Foundation".

Results of Audit

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

¹ 2018 Florida Statutes



Recordkeeping

Finding 1: The Foundation did not maintain support documentation related to administrative expenditures and did not provide a signed Memorandum of Understanding (MOU).

Section 215.97(8)(d), F.S., requires that records be maintained for the expenditure of funds. Additionally, best business practices require a contract or MOU with the elements of a contract to be signed and dated by both parties.

Our review of the records for the Foundation's administrative expenses indicated all fourteen of the expenditures sampled totaling \$12,757.24 did not have adequate supporting documentation.

Upon further discussion with the Foundation's leadership, we concluded that supporting documentation for administrative expenditures was not retained for the total administrative expenditure population. This population totaled \$60,352.56 and included 268 expenditures.

Further, while the Foundation entered into an MOU in 2018 to extend specialty license plate funds to Florida Atlantic University (FAU) for research, education, administration, and other projects, the Foundation could not provide a signed copy of the MOU to support the terms of the agreement.

For the 2018-2019 Fiscal Year, the Foundation distributed \$30,573.32 in specialty license plate funds to FAU without a signed agreement in place.

Recommendations

We recommend the Foundation develop and implement processes to enhance the retention of support documentation for expenditures to provide for accurate and complete recordkeeping.

We also recommend the Foundation ensure agreements and/or contracts relating to specialty license plate funds are signed and dated by both parties prior to executing the agreement, and that signed copies of agreements and/or contracts are maintained in foundation records.

Management Response

The Foundation is incorporating procedures to track administrative expenditures and to retain support documentation.



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 Save Our Seas specialty license plate.

The scope of this audit included specialty license plate revenues and expenditures reported on the Foundation's state single audit for the 2019 Fiscal Year, and specialty license plate revenue and expenditures reported in the Foundation's financial records for the 2019 Fiscal Year.

The methodology for the audit of the Save Our Seas specialty license plate included:

- Reviewing Florida Statutes, Department policies, and Foundation policies;
- Reconciling the Department's distribution of specialty license plate fees to revenues reported in the Foundation's financial records;
- Reconciling the expenditures reported on the state single audit to the Foundation 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, state 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

Barbara Kavanaugh, Interim Executive Director, Harbor Branch Oceanographic Institute Foundation, Inc.

Michael O'Reilly, Chairman, Harbor Branch Oceanographic Institute 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, Audit Director

Approved by:

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

Mike Stacy, Inspector General



ATTACHMENT – Management Response

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION

June 8, 2021

Erin Mook
Audit Director
Department of Highway Safety and Motor Vehicles
2900 Apalachee Trail
Tallahassee, Florida 32399-0600

RE: Preliminary Audit Findings – Save Our Seas Specialty License Plate

Dear Ms. Mook:

Thank you for providing the preliminary audit finding related to the Save Our Seas License Plate, and for the opportunity to submit this revised response to the preliminary audit.

In response to Finding 1, it was the opinion of the Foundation that the 3% allocation of income toward administrative costs was a reasonable and allowable procedure under the terms of the grant. This policy was adopted in order to cover allocable costs in lieu of making reclassification entries to a separate administrative expense account for each license plate. As the recommendation of the Department is that this procedure is not allowable, we will create separate expense accounts in our chart of accounts which will be utilized to track the administrative expenditures related to the Save Our Seas Specialty License Plate whether direct costs or allocable costs. A monthly reclassification entry will be processed with supporting documentation being retained referencing any direct or allocable costs.

Sincerely,

Barbra A. Kavanaugh

Barbra Kavanaugh
Interim President & CEO

Cc: William J. Stewart
Rossway Swan Tierney Barry Lacey & Oliver, P.L.

Jill Sittig, CPA
Auditor, Office of Inspector General
Department of Highway Safety and Motor Vehicles