



Follow-up Review of the Specialty License Plate Audit Florida Agriculture in the Classroom, Inc. Agriculture Advisory Memorandum 202021-19

March 15, 2021

Executive Summary

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 Florida Agriculture in the Classroom Inc., (Organization) management.

The purpose of this review was to determine whether the Organization's management implemented corrective action for the recommendation communicated in the specialty license plate audit of Florida Agriculture in the Classroom Inc. for the Agriculture specialty license plate (201819-31), dated August 20, 2019.

Our follow-up review determined the Organization's management had not implemented corrective action related to the accuracy of expenditures reported.

Results of Review

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

Reporting Accuracy

Finding 1: The Organization should improve its classification, timing and recording of expenditures reported in the financial records and on the annual affidavit.

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 of 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.

Additionally, Section 215.97(8)(d), F.S., requires that records be maintained for the expenditure of funds. Further, Section 617.1601(2), F.S., provides that not for profit corporations shall maintain accurate accounting records.



Summarized accounting records, such as ledgers, should exist at the time of the preparation and submission of affidavits, and such summary records should be maintained, and readily available for review. The amounts reported on affidavits should agree with the Organization's books of record which should tie to banking records or other detailed accounting records.

The Organization's specialty license plate expenditures reported on the affidavit did not reconcile to the general ledger provided. Our inquiries and review of the Organization's records indicated a need for significant improvement in the accuracy, completeness, and timeliness of recordkeeping.

Additionally, the total general ledger expenditures did not reconcile to the audited financial statement expenditures. The audit firm noted material adjustments to the Organization's financial statements for the 2017 balances, as well as restatement of opening unrestricted net assets were proposed. They also noted it necessary for them to assist the Organization with the preparation of the Organization's financial statements.

Recommendation

We recommend expenditures reported on the Schedule of Expenditures of State Financial Assistance are based on actual expenditures recorded in the Organization's records.

Management Response

Management concurs with the finding and is adopting a policy to timely and accurately report fund expenditures. The organization is correcting the current year and will roll-forward to maintain accurate numbers.

Management Corrective Action

The Organization provided the following description as of January 8, 2021:

- Following the specialty license plate audit that took place in 2019, the Organization created classifications in QuickBooks for projects that are funded outside of the Specialty License funding. All transactions moving forward after the audit have been classified correctly.
- In 2019, the classes used were for the 2017 and 2018 Specialty Crop Block Grants. In 2020, the classes used were 2018 Specialty Crop Block Grant and NAITCO Fire Up Grant.

- In 2019 through present, the new auditor worked closely with the Organization to ensure that QuickBooks has been corrected to the best of their knowledge. When needed, our auditor has requested journal entry corrections be entered. In 2020, the Organization’s director took a QuickBooks course to become more familiar with QuickBooks.

Follow-up Progress

We reviewed the Organization's 2019 Fiscal Year affidavit dated September 29, 2020, which reported expenditures of \$304,928.15. After our initial review of the affidavit and financial records, it was determined that classification of expenditures had not been corrected in order to prepare an accurate affidavit for the 2019 Fiscal Year, and the expenditures reported on the affidavit dated September 29, 2020 did not reconcile to the financial records.

With the specialty license plate funds not properly classified to the associated general ledger accounts, the revenue and expenditures reported on the affidavit and in the profit and loss statement provided by the Organization were not accurately reported.

During the course of our follow-up review, Organization management used QuickBooks to create specialty license plate classifications within the general ledger accounts. Management subsequently provided a revised affidavit, revised general ledger, and revised profit and loss statement to the Department. When management revised the affidavit and corrected expenses and revenue in the general ledger, the dollar amounts for total specialty license plate expenditures, interest income, and the profit and loss statement changed.

	Original FYE 2019 Affidavit	Revised FYE 2019 Affidavit	Difference
Beginning Fund Balance	\$408,085.18	\$408,085.18	\$0
Revenue	\$347,252.75	\$346,353.09	\$899.66
Expenditures	\$304,928.15	\$277,917.55	\$27,010.60
Ending Fund Balance	\$450,409.78	\$476,520.72	\$26,110.94
Source:	Organization Attested Affidavits	Organization Attested Affidavits	Organization Attested Affidavits

With the adjustments for expenditures and revenues, we cannot conclude that the Organization can accurately report the specialty license plate fund balance.



While the revised affidavit dated January 28, 2021 reconciled to the revised financial records, we concluded the Organization did not timely implement corrective action to satisfy the audit recommendation, as after the fact determinations of accounting and classifying specialty license plate transactions are not a reasonable substitute for maintaining accurate records throughout the fiscal year.

The Organization has not fully addressed the recommendations from the Agriculture Specialty License Plate audit report (201819-31) issued August 20, 2019. Since further action must be taken by the Organization, the finding will remain open.

Status: Open

Follow-Up Recommendations

We recommend the Organization continue to develop and implement processes to enhance timely classification and documentation of transactions to provide for accurate and complete recordkeeping. Consideration should be given to understanding the need for accurate reporting of the specialty license plate fund balance and expenditures to all stakeholders and providing for an independent review of the annual reporting before attesting to the accuracy of the Organization's financial records to the Department.

Management Response to Follow-Up Recommendations

The Organization agrees to improve their processes by classifying items going forward and working with their auditor timely.

Purpose, Scope, and Methodology

The purpose of this review was to determine whether the Organization's management implemented corrective actions for the recommendations communicated in the Specialty License Plate Audit of Florida Agriculture in the Classroom Inc. (201819-31), dated August 20, 2019.

The scope of this review included one finding from the Specialty License Plate Audit of Florida Agriculture in the Classroom Inc. (201819-31), dated August 20, 2019, and management's response to the recommendation which is included as an attachment to this report.



The methodology included:

- Reviewing findings and recommendations from the Specialty License Plate and Voluntary Contributions Audit;
- Reviewing applicable Department policies, procedures, and processes;
- Reviewing Florida Statutes related to specialty license plates and voluntary contributions;
- Interviewing appropriate personnel; and
- Reviewing other applicable documentation.



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

Joan Kyle, Board Treasurer, Florida Agriculture in the Classroom, Inc.
Mike Rogalsky, Board Chairman, Florida Agriculture in the Classroom, Inc.
Becky Sponholtz, Executive Director, Florida Agriculture in the Classroom, 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:


Mike Stacy, Inspector General

ATTACHMENT – Management Response



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March 10, 2021

Erin Mook
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Dear Ms. Mook:

In response to your inquiry regarding the Follow-up Review of the Specialty License Plate Audit of the Florida Agriculture in the Classroom, Inc., (Report # 202021-19), corrective actions taken for the audit findings and recommendations are provided below:

Finding 1: The Organization should continue to improve its classification, timing and recording of expenditures reported in the financial records and on the annual affidavit.

Corrective Actions

- Following the SLP audit that took place in 2019, Florida Agriculture in the Classroom created classifications in QuickBooks for projects that are funded outside of the Specialty License funding. When I submitted this corrective action in January, I had not created a class for the Ag Tag, only all the outside projects. I have created this class and have gone back to January 1, 2019 and classed all expenses and income. I will continue to class all items moving forward.
- In 2019 through present, the new auditor worked closely with FAITC to ensure that QuickBooks has been corrected to the best of their knowledge. When needed, our auditor has requested journal entry corrections be entered. In 2020, Becky Sponholtz took a QuickBooks course to become more familiar with QuickBooks.
- When revising the 2019 affidavit for the SLP audit follow up some of the item amounts changed. This was due to some items not being classed correctly and journal entries being entered after the first affidavit was submitted. The journal entries are given to FAITC by the auditor and at times it moves items from one category to another, thus changing the amounts of expenditures on the profit and loss statement. When submitting the 2020 affidavit I will wait until all journal entries have been made so there will be no corrections.
- I will submit my 2020 affidavit as soon as possible and follow up with Jill Sittig to make sure I have made all the necessary corrections.
- I will continue to work with our financial auditor to make sure I have classed things correctly.

Becky W. Sponholtz

Becky Sponholtz
Executive Director

cc: Jill Sittig, Auditor