



## **Specialty License Plate Audit** **Enterprise Florida, Inc.** **Florida NASCAR** Audit Report 202122-05

December 1, 2021

### **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 Enterprise Florida, Inc., (Organization) for the Florida NASCAR (NASCAR) 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 state single audit submitted by the Organization for the 2020 Fiscal Year ended June 30, 2020, was used for this audit.

For every NASCAR specialty license plate sold or renewed, a \$25 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 reporting except for the single audit expenditure reporting and expenditure recordkeeping. We noted the accuracy of expenditures reported on the Schedule of Expenditures of State Financial Assistance should be improved. Additionally, the recordkeeping for administrative and marketing expenditures were not identifiable for the NASCAR tag. The Organization agreed with the audit finding.

### **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 NASCAR specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Organization. Section 320.08058(60)(b), F.S., specifies annual revenues shall be used in the following manner:

- Five percent of the proceeds may be used for the administration of the NASCAR plate program; and
- Ten percent of the proceeds shall be provided to the National Association for Stock Car Auto Racing for the royalty rights for the use of its trademarks; and
- Fifteen percent shall be distributed to support regional grant programs to attract sporting events to Florida; and
- Twenty percent of the proceeds will be used to support the marketing of motorsports-related tourism in the state; and
- Fifty percent of the annual revenue shall be distributed to the NASCAR Foundation, a s. 501(c)(3) charitable organization, to support Florida based charitable organizations.

The Organization directly receives specialty license plate revenues from the Department for three tags to include the Florida Tennis, Florida NASCAR, and U.S. Olympic tags. The NASCAR specialty license plate was established in 2007. There were 3,352 active NASCAR specialty license plates as of June 2020. The Organization reported receipts of \$86,124.15 in specialty license plate fees for the 2020 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 NASCAR specialty license plate. However, we identified the following issues which requires management attention.

### *Reporting*

**Finding 1:** The Organization did not accurately report recorded expenditures on the Schedule of Expenditures of State Financial Assistance on the single audit for Catalog State Financial Assistance No. 76.101.



Section 320.08062(1)(c), F.S., requires any organization subject to audit pursuant to Section 215.97, F.S., shall submit an audit report in accordance with rules promulgated by the Auditor General.

Chapter 69I-5.003, Florida Administrative Code, *Schedule of Expenditures of State Financial Assistance*, requires a nonstate entity that receives or expends state financial assistance must, for the period covered by the entity's financial statements, prepare a Schedule of Expenditures of State Financial Assistance. The entity must provide the total state financial assistance expended for each individual state project.

The Organization provided detailed financial records for the specialty license plate expenditures in the amount of \$128,893.23, which included an unidentifiable portion for administrative expenses related to the Florida Tennis tag. The total includes expenses for royalty payments, NASCAR Charity, marketing, administrative, and small grant program costs.

The annual fiscal year revenue of \$86,124.16 was used for expenses during the fiscal year; however, the expenditures reported on the Schedule of Expenditures of State Financial Assistance were \$53,320.00. Based on the expenditures recorded in the Organization's financial records, a total of \$86,124.16 should have been reported on the Schedule of Expenditures of State Financial Assistance for the NASCAR specialty license plate project.

## **Recommendation**

We recommend the Organization ensure total expenditures recorded in the accounting records for the Florida NASCAR specialty license plate are accurately reported on the state single audit for the Catalog of State Financial Assistance Number 76.101.

## **Management Response**

The Organization will communicate with independent auditors to ensure accurate recording of total expenditures on the single audit to be effective as of the start of the fiscal year July 1, 2021.



## ***Recordkeeping***

**Finding 2:** The Organization did not keep adequate financial records for administrative and marketing expenditures associated with specialty license plate funds.

Section 215.97(8)(d), F.S., requires that records be maintained for the expenditure of funds. Additionally, 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 single audit, and such summary records should be maintained, and readily available for review. The amounts reported on single audit should agree with the Organization's books of record which should tie to banking records or other detailed accounting records.

Our inquiries and review of the Organization's records indicated a need for significant improvement in accurately separating, categorizing, and recording the Florida NASCAR tag administrative and marketing expenses in order to have accurate recordkeeping.

The Organization was unable to provide the total expenditures for administrative and marketing within the general ledger detail for the fiscal year-end 2020.

Additionally, the total general ledger expenditures did not reconcile to the audited financial statement expenditures.

## **Recommendation**

We recommend the Organization improve its processes for tracking and recording administrative and marketing expenditures to provide for accurate and complete recordkeeping and to ensure specialty license plate funds are used in compliance with Section 320.08058, F.S.

## **Management Response**

The Organization will ensure administrative and marketing expenditures are tracked and recorded accurately by establishing separate general ledger codes for each category. The Organization is ensuring funds will be assigned accurately and expended appropriately.



## **Purpose, Scope, and Methodology**

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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 NASCAR specialty license plate.

The scope of this audit included specialty license plate revenues and expenditures reported on the Organization's state single audit for the 2020 Fiscal Year, and specialty license plate revenue and expenditures reported in the Organization's financial records for the 2020 Fiscal Year.

The methodology for the audit of the NASCAR 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 in the Organization's financial records;
- Reconciling the expenditures reported on the state single audit to the Organization's 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, 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

Daisy Dovale, VP of Finance & Accounting, Enterprise Florida, Inc.  
Angela Suggs, President and CEO, Florida Sports Foundation, Inc., and Senior Vice President, Sports Development, Enterprise Florida, Inc.  
Matt Guse, Vice President of Operations, Florida Sports Foundation, Inc.  
Jesse Biter, Board Chairman, Florida Sports Foundation, Inc., and Board Member, Enterprise 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, Audit Director

Approved by:

A handwritten signature in blue ink, appearing to read "Mike Stacy", written over a horizontal line.

Mike Stacy, Inspector General



## ATTACHMENT – Management Response



November 23, 2021

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

Re: Florida NASCAR Specialty Plate – Report 202122-05

Dear Ms. Mook,

In response to report number 202122-05, Enterprise Florida, Inc.(EFI) agrees with the following:

**Finding 1 Response:** Enterprise Florida, Inc. (EFI) agrees with the recommended corrective action and will ensure single audit accurately reflects total expenditures. EFI staff will contact our auditor by January 15, 2022 and ensure accurate recording effective July 1, 2021.

**Finding 2 Response:** Enterprise Florida, Inc.(EFI) agrees with the recommended corrective action and will ensure administrative and marketing expenditures are tracked and recorded accurately. To accomplish this, the EFI staff will establish separate GL codes for each category and ensure funds are assigned accurately and expended appropriately. This will be completed by January 15, 2022.

If you require any additional information, please contact me at [asuggs@playinflorida.com](mailto:asuggs@playinflorida.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Angela A. Suggs".

Angela A. Suggs  
President & CEO, Florida Sports Foundation and  
EFI Senior Vice-President, Sports Development

Cc: David Rogers, Executive Vice-President, Enterprise Florida, Inc.  
Daisy Dovale, Vice President, Accounting, Enterprise Florida, Inc.  
Jesse L. Biter, Board Chair, Florida Sports Foundation