

Specialty License Plate Audit **Enterprise Florida, Inc.** **Florida Tennis** Audit Report 202122-07

December 1, 2021

Executive Summary

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 Tennis (Tennis) 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 Tennis 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 administrative and marketing expenditures were not identifiable in the Organization's financial records. The Organization agreed with the audit finding.

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 Tennis 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(64)(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 Tennis license plate program;
- Five percent may be used for promoting and marketing the license plate; and
- The remaining proceeds shall be available for grants by the United States Tennis Association Florida Section Foundation to nonprofit organizations to operate youth tennis programs and adaptive tennis programs for special populations of all ages, and for building, renovating, and maintaining public tennis courts.

The Organization receives specialty license plate revenues directly from the Department for three tags to include the Florida Tennis, Florida NASCAR, and U.S. Olympic tags. The Tennis specialty license plate was established in 2008. There were 3,697 active Tennis specialty license plates as of June 2020. The Organization reported receipts of \$92,284.50 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 Tennis specialty license plate. However, we identified the following issues which require 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. 76.107.

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 \$98,169.78 which included an unidentifiable portion for administrative and marketing expenses related to the Florida NASCAR tag. The total includes expenses for United States Tennis Association (USTA) allocation, and administrative costs. The amount related to administrative expenses is not identifiable because one account contains transactions for multiple plates, and the Organization was not able to provide the expenditures related to administration of the Tennis specialty license plate.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance were \$87,670.00; however, this amount only accounts for the USTA allocation and does not include the expenditures made for administrative costs.

Recommendation

We recommend the Organization ensure total expenditures recorded in the accounting records for the Florida Tennis specialty license plate are accurately reported on the state single audit for the Catalog of State Financial Assistance No. 76.107.

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 Tennis 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 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

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 Tennis 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 Tennis 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 Tennis Specialty License Plate – Report 202122-07

Dear Ms. Mook,

In response to report number 202122-07, 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.

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