

Specialty License Plate Audit Guy Harvey Ocean Fund, Inc. Protect Our Oceans Audit Report 202122-20

February 25, 2022

Executive Summary

The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting by the Guy Harvey Ocean Fund, Inc., (Organization) for the Protect Our Oceans 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 affidavit submitted by the Organization for the 2020 Fiscal Year ended December 31, 2020, was used for this audit.

For every Protect Our Oceans 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 affidavit for the Protect Our Oceans specialty license plate. However, we did determine the Organization used Protect Our Ocean specialty license plate fees for unallowable donation expenses. The Organization agreed with the audit finding and has begun implementing corrective action.

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 Protect Our Oceans 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(68), F.S., specifies up to 10 percent of annual use fees may be used for administrative costs directly associated with the operations of the Organization and promotion and marketing of the Protect Our Oceans license plate. The remaining funds shall be used to fund the following:

- Marine-related scientific research, including research of free-ranging pelagic marine species that inhabit, use, or migrate through Florida waters;
- Conservation initiatives; and
- Education and public outreach programs targeting school aged children in the state.

The Protect Our Oceans specialty license plate was established in 2010. There were 30,940 active Protect Our Oceans specialty license plates as of December 2020. The Organization reported receipts of \$827,688.00 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 Protect Our Oceans specialty license plate. However, we identified the following issue which requires management attention.

Unallowable Expenditures

Finding 1: Specialty license plate funds were used for unallowable donation expenditures.

Section 320.08056(10), F.S., specifies a specialty license plate annual use fee collected and distributed under this chapter, or any interest earned from those fees, may not be used for commercial or for-profit activities nor for general or administrative expenses, except as authorized by Section 320.08058, F.S., or to pay the cost of the audit or report required by Section 320.08062(1), F.S.

Section 320.08058(68), F.S., specifies up to 10 percent of annual use fees may be used for administrative costs directly associated with the operations of the Organization and promotion and marketing of the Protect Our Oceans license plate. The remaining funds shall be used to fund marine-related scientific research, including research of free-ranging pelagic marine species that inhabit, use, or migrate through Florida waters; conservation initiatives; and education and public outreach programs targeting school aged children in the state.



Section 320.08062(1)(a), F.S., states all organizations that receive annual use fee proceeds from the department are responsible for ensuring that proceeds are used in accordance with Sections 320.08056 and 320.08058, F.S.

Section 320.08062(1)(b), F.S., requires any organization not subject to audit pursuant to Section 215.97, F.S., shall annually attest, under penalties of perjury, that such proceeds were used in compliance with Sections 320.08056 and 320.08058, F.S. The attestation shall be made annually in a form and format determined by the department.

During the 2020 Fiscal Year, the Organization had expenditures of \$25,000.00 to the Convoy of Hope as a donation towards Hurricane Dorian relief assistance.

Although the Organization was able to provide supporting documentation for the expenditure, the Organization could not give a justification of how the expenditure would be allowed by Section 320.08058(68), F.S.

Recommendation

We recommend the Organization ensure that the Protect Our Oceans specialty license plate fees are used for allowable expenses as authorized in Sections 320.08056, and 320.08058(68), F.S.

Management Response

The Organization concurs with the audit recommendation. The Organization is committed to making sure the specialty license plate funds are used for allowable expenses as authorized in Sections 320.08056, and 320.08058(68), F.S. By adding a field on the cash disbursement approval document for the specialty license plate fund, the Organization is to provide reasonable assurance for compliance. Additionally, the accounting department will review all forms marked for specialty license plate funds prior to payment.



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 Protect Our Oceans specialty license plate.

The scope of this audit included specialty license plate revenues and expenditures reported on the Organization's affidavit 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 Protect Our Oceans 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 on the affidavit filed by the Organization;
- Reconciling the expenditures reported on the affidavit 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, 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

Patxi Pastor, CEO & President, Guy Harvey Ocean Fund, Inc.
Steve Roden, Board Co-Chair, Guy Harvey Ocean Fund, Inc.
Greg Jacoski, Executive Director, Guy Harvey Ocean Fund, 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



RESPONSE TO PRELIMINARY AND TENTATIVE FINDING AND RECOMMENDATION, SPECIALTY LICENSE PLATE AUDIT PROTECT OUR OCEANS

Guy Harvey Ocean Foundation Inc.

Finding 1: Specialty license plate funds were used for unallowable donation expenditures

Response: The Guy Harvey Ocean Foundation Inc (GHOF) acknowledges specialty license plate funds were expended to support a 503(c)(3) public charity providing critical support and relief to those directly affected by Hurricane Dorian in 2019. Hurricane Dorian originated in the Atlantic Ocean in late August. It made landfall on Sunday, Sept. 1, 2019, at Elbow Cay, on the Abaco Islands in The Bahamas. Hurricane Dorian was the strongest hurricane on record to hit The Bahamas as a Category 5 storm. With winds of up to 220 mph and storm surges of up to 23 feet, it was one of the most powerful Atlantic hurricanes to make landfall. Once it made landfall, it hovered over the country, sometimes moving at just 1 mph, for more than 48 hours. The islands of Abaco and Grand Bahama were the worst affected, with an estimate of 13,000 homes severely damaged or destroyed. At least 65 people were confirmed to have died, with many more missing. Around 76,000 people are thought to have been affected.

GHOF concurs with the audit recommendation that the Organization ensure that the Protect Our Oceans specialty license plate fees are used for allowable expenses as authorized in Sections 320.08056, and 320.08058(68), F.S.

Corrective Action: GHOF is committed to making sure that specialty license plate funds are used for allowable expenses as authorized in Sections 320.08056, and 320.08058(68), F.S. The existing system of internal control utilized to ensure compliance going forward. Currently, all invoices and requests for cash disbursements must be submitted directly to Management for approval. Only approved invoices and requests are entered into the Accounts Payable system. Approvals come via the *Guy Harvey Ocean Foundation Cash Disbursement Voucher Form*. The form provides for the designation of funds by program, management and general, and fundraising. An additional required field will be added for specialty license plate funds.

The accounting department will review all forms marked for specialty license plate funds prior to payment. Sections 320.08056, and 320.08058(68), F.S. allowable expenses will be used as a reference. Questions will be sent to the Executive Director for further investigation.

The Organization is committed to a strong system of internal control which is promoted using the Committee of Sponsoring Organization's (COSO) defined internal control framework. This framework has five components and when applied organizationally and departmentally creates an aggregate control system, which is composed of many individual controls. These controls are designed to provide reasonable assurance regarding the achievement of objectives in the following categories: a) Effectiveness and efficiency of operations; b) Reliability of financial reporting, and c) Compliance with laws and regulations.

Guy Harvey Ocean Foundation Inc.

SLP Audit Response

February 22, 2022