

Specialty License Plate Audit Southeastern University, Inc. Audit Report 202122-32

July 28, 2022

Executive Summary

The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting by the Southeastern University, Inc., (University) for the Southeastern University specialty license plate. The University 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 University's fiscal year. The state single audit submitted by the University for the 2021 Fiscal Year ended May 31, 2021, was used for this audit.

For every Southeastern University specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the University.

During our audit, we determined the University 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 expenditures were not reported on the Schedule of Expenditures of State Financial Assistance. Additionally, the single audits were not submitted timely. The University 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 Southeastern University specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute.

Section 320.08058(3), F.S., specifies that annual use fees be distributed to the state or independent university foundation designated by the purchaser for deposit in an unrestricted account. These funds may be used only for academic enhancement, including scholarships and private fundraising activities.

The Southeastern University specialty license plate was established in 1987. There were 239 active Southeastern University specialty license plates as of May 2021. The University reported receipts of \$6,508.00 in specialty license plate fees for the 2021 Fiscal Year.

Results of Audit

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

Reporting

Finding 1: The University did not report expenditures on the Schedule of Expenditures of State Financial Assistance on the single audit for Catalog State Financial Assistance No. 76.059, and the single audits have not been submitted timely.

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.

The Auditor General Rule 10.650 states the financial reporting package required to be submitted pursuant to Section 215.97(8)(g), Florida Statutes, shall be submitted to the Auditor General and the State awarding agencies within 45 days after delivery of the financial reporting package to the auditee, but no later than 9 months after the end of the fiscal year of the auditee.

69I-5.003, F.A.C., 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 University submitted the 2021 Fiscal Year single audit 59 days after the statutory submitting timeframe. The single audit was due 45 days after signed receipt from the Independent Auditor or no later than 9 months. The single audit was due on February 28, 2022, but was submitted on April 28, 2022. The University did not timely submit single audits for the prior four fiscal years with delays ranging from one to twelve months.

The University provided financial records for the specialty license plate expenditures in the amount of \$11,667.00 for scholarships. There were no expenditures reported on single audit's Schedule of Expenditures of State Financial Assistance for the Southeastern University specialty license plate project.

Recommendations

We recommend the University implement processes to ensure the annual state single audit is submitted to the Department within the statutory timeframe.

We also recommend the University ensure expenditures recorded in the accounting records for the University's specialty license plate are accurately reported on the state single audit for the Catalog of State Financial Assistance Number 76.059.

Management Response

Management updated a list of internal staff to receive reminders that appropriate documentation should be sent to the Department.

The University has implemented an accounting system change to flag data inputs for the specialty license plate program. This change will generate a report to assist in accurately completing the audited financial statements. The University's independent auditors were contacted and assured University management that the specialty license plate expenditures will be reported on the single audit going forward.

Purpose, Scope, and Methodology

The purpose of this audit was to determine the University's compliance with applicable laws and policies related to the annual reporting by the University for the Southeastern University specialty license plate.

The scope of this audit included specialty license plate revenues and expenditures reported on the University's state single audit for the 2021 Fiscal Year, and specialty license plate revenue and expenditures reported in the University's financial records for the 2021 Fiscal Year.

The methodology for the audit of the Southeastern University specialty license plate included:

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

Phil Schmitt, Chief Financial Officer, Southeastern University, Inc.
Sherra Varney, Accounting Manager, Southeastern University, 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

SOUTHEASTERN UNIVERSITY

July 27, 2022

Erin Mook
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, FL 32399-0500



Dear Ms. Mook,

In response to the findings and recommendations from the recent audit of the Specialty License Plate program, please accept the below response and corrective actions.

Finding:

SEU did not report expenditures of the program on the single audit and were not submitted timely

Response:

Over the past five plus years, SEU had several employment changes in key positions responsible for this work. In addition, each aspect of the program was not clearly identified among the remaining team members, which have been informed over the last year. Our office now has updated our contact list with members of FDHSMV to ensure the right people receive the reminder and that the internal staff know when to submit the appropriate documentation to FDHSMV.

Furthermore, and with more reasons we were not compliant to the requirements, we were able to find instances where the Accounting Manager received requests from the FDHSMV and the requests were forwarded to the former Director of Finance to be fulfilled. We were not aware these requests were not being fulfilled in the appropriate amount of time, if at all. Included in this, our current team was not aware of the reporting requirement for the single audit. As soon as this was made clear during this year's specialty plate audit, we contacted our auditors and made them aware of the program and its reporting requirements. The auditors have assured us that the reporting will be included beginning with the 21-22 audit and going forward. Lastly, we have already implemented an accounting system change to help flag the data inputs to this program, generating a separate report to be filled in sync with our audited financial statements.

It is the intention of the Southeastern University Business Office to comply with the rules and regulations set forth by the FDHSMV and the State of Florida. With the help of Jill Sittig explaining the program to our team and our team taking that information in developing documented processes, we feel we now have a better grasp on the program. Thank you again for your time working through our account. We look forward to hearing back from you.

Sincerely,



Phillip Schmitt
Chief Financial Officer
Southeastern University

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