

Specialty License Plate Audit
Florida Foundation for Responsible Angling, Inc.
Fish Florida
Audit Report 202223-10

November 17, 2022

Executive Summary

The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting by the Florida Foundation for Responsible Angling, Inc., (Foundation) for the Fish Florida specialty license plate. The Foundation 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 Foundation's fiscal year. The affidavit submitted by the Foundation for the 2021 Fiscal Year ended June 30, 2021, was used for this audit.

For every Fish Florida specialty license plate sold or renewed, a \$22 annual use fee is charged and distributed, as required by statute, to the Foundation.

During our audit, we determined the Foundation generally complied with applicable laws and policies related to the annual affidavit for the Fish Florida specialty license plate. However, we did note annual reporting can be improved by timely filing and consistently calculating and recording the balances of specialty license plate funds. We additionally determined the Foundation should maintain adequate supporting documentation for expenditures. The Foundation agreed with the audit findings.

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 Fish Florida specialty license plate sold or renewed, a \$22 annual use fee is charged and distributed, as required by statute, to the Foundation. Section 320.08058(39), F.S., specifies a maximum of 15 percent of annual use fees may be used for administrative costs directly associated with the Foundation's grant distribution program and license plate funding. A maximum of 10 percent of the funds received may be used for promotion and marketing of the license plate.

The Foundation shall provide for a peer review grant solicitation and award process to distribute the remainder of the funds to benefit aquatic education, marine resource stewardship, and ethical angling practices in the state.

The Fish Florida specialty license plate was established in 2003. There were 26,338 active Fish Florida specialty license plates as of June 2021. The Foundation reported receipts of \$634,483.33 in specialty license plate fees for the 2021 Fiscal Year.

Results of Audit

During our audit, we determined the Foundation generally complied with applicable laws and policies related to the annual reporting for the Fish Florida specialty license plate. However, we identified the following issues which require management attention.

Annual Reporting

Finding 1: The Foundation should improve the accuracy of reported revenue, expenditures, balances, and timeliness of the annual report submission.

Section 320.08062, F. S., requires the submission of an annual attestation (affidavit) or state single audit. The law also provides the Department establish the format of the affidavit. The Division of Motorist Services, Bureau of Issuances Oversight (Bureau) describes the format in its Procedures and Guidelines and in the sample template on its website. The guidance requires the ending balance of the current year be carried forward as the beginning balance of the next year. The guidance further requires any difference be explained.

An analysis of the Foundation's annual affidavits indicated the calculation and reporting of the beginning balances and ending balances did not always follow Department guidelines.

Specialty License Plate Fund Affidavit:

The last five affidavits analyzed showed the beginning balance on the affidavits for each year were different than the previous fiscal year ending balance. Specifically, for the fiscal year-end under audit, the beginning balance of the fiscal year-end 2021 was

different than the ending balance of the previous fiscal year-end 2020. The difference between the ending balance for 2020 and the beginning balance for 2021 was \$758,827.90 (FYE 2020 \$1,215,901.35 - FYE 2021 \$457,073.45 = \$758,827.90).

Also, the expenditures for fiscal year-end 2021 were not accurately reported on the affidavit. The amount reported on the affidavit was \$537,238.55, and the amount on the general ledger was \$435,689.29 which results in a difference of \$101,549.26

Additionally, revenue was under reported by \$2,128.00 on the affidavit. A specialty license plate (SLP) revenue distribution on May 28, 2021, in the amount of \$2,178.00 was not listed on the affidavit. The SLP revenue distribution on March 5, 2021, in the amount of \$1,430.00 was listed as \$1,480.00 on the affidavit.

Endowment affidavit:

The endowment transactions did not correctly total to the balance listed on the endowment affidavit. The difference from the actual summed balance and the balance listed is \$102,822.52.

The Foundation submitted the 2021 fiscal year affidavits 34 days after the statutory timeframe. The affidavit was due on March 31, 2022, and submitted on May 4, 2022. The annual affidavit was not timely submitted for three of the last five years analyzed.

Recommendation

We recommend the Foundation:

- Ensure the revenue and expenditures reported on the affidavit are based on specialty license plate revenue and expenditures recorded in the Foundation's accounting records.
- Ensure the correct beginning balance is used on the affidavit.
- Ensure the endowment transactions reported on the affidavit are accurate and sum to the correct balance. If unrealized gain and loss is not listed the balance should equal the amount recorded in the Foundation's accounting records. If unrealized gain and loss is listed on the affidavit the balance should equal the value amount on the fiscal year-end June 30th investment statement.

Management Response

Management agrees to improve the accuracy of revenue, expenses, balances and the timeliness of the annual reporting to the Department.

Recordkeeping

Finding 2: The Foundation should improve its retention of support documentation.

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 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. According to the Department Procedures and Requirements (May 2013), expenditures reported on the affidavit are subject to disallowance if they cannot be substantiated with a detailed employee time sheet, or a receipt, cancelled check, etc. Additionally, Section 215.97(8)(d), F.S., requires that records be maintained for the expenditure of funds.

Section 617.1601(2), F.S., provides not for profit corporations shall maintain accurate accounting records.

Our review of the records maintained by the Florida Foundation for Responsible Angling, Inc., (Foundation) indicated three expenditures totaling \$285.37 of the twenty-seven expenditures sampled were not adequately documented.

The Foundation was able to provide support documentation for one of the expenditures after the Foundation requested a copy from the vendor. However, providing support documentation after the fact is not a reasonable substitute for contemporaneous recordkeeping.

Recommendation

We recommend the Foundation develop and implement processes to retain supporting documents for all expenditures.

Management Response

Management agrees to implement a better process for retaining support documents for expenditures.

Purpose, Scope, and Methodology

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

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

The methodology for the audit of the Fish Florida 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 Foundation;
- Reconciling the expenditures reported on the affidavit to the Foundation financial records;
- Reviewing the use of funds by the Foundation 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

Scott Nichols, Executive Director, Florida Foundation for Responsible Angling, Inc.
John Webb, Board President, Florida Foundation for Responsible Angling, 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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Vice President
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Ms. Erin Mook
Audit Director
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November 14, 2022

Dear Ms. Mook,

This letter is in response to the preliminary and tentative audit findings from the Florida Foundation for Responsible Angling's audit regarding the Fish Florida Specialty License Plate.

Finding 1 Fish Florida agrees to improve the accuracy of the revenue, expenses, balances, and timeliness of the annual report.

Finding 1, Paragraph 1. Fish Florida recognizes section 320.08062, F.S and agrees the ending balance of the current year be carried forward as the beginning balance of the next year.

Finding 1, Paragraph 2. Fish Florida agrees that Fish Florida's Executive Director mistakenly added the endowment balances and transfers to the revenue and expenses section of the affidavit and will correct that balance in future affidavits.

Finding 1, Paragraph 3. Fish Florida agrees and will correct the balances moving forward now that the endowment section off the affidavit is balanced.

Finding 1, Paragraph 4. Fish Florida agrees and had made the correction.

Finding 1, Paragraph 5. Fish Florida agrees. There was a deposit in the amount of \$2,128.00 on May 28th 2021 that was not reported on the affidavit and another was listed as a deposit of @1,480.00 when it should have been \$1,430.00.

Finding 1, Paragraph 6. Fish Florida agrees. I believe the \$100,000 transfer from the Specialty License Plate revenues was added to the endowment which altered that balance.

Finding 1, Paragraph 7. Fish Florida agrees. The Executive Director mistakenly had the due date as May 15th and has made the date correction for future affidavits.

Finding 1. Recommendations: Fish Florida's Executive Director agrees with the Inspector General's Office on their recommendations and will include them in the 2021-2022 affidavit.

ATTACHMENT – Management Response Continued

Finding 2. Paragraph 1. Fish Florida agrees to improve retention of support receipts required by Section 320.08062(1) (b), FS.

Finding 2. Paragraph 2. Fish Florida agrees.

Finding 2. Paragraph 3. Fish Florida agrees. One dinner receipt was misplaced, one Florida Power and Light online receipt expired and needed to be requested for the file, and one post event report from Anglers for Conservation was not completed. Efforts to get that document were unsuccessful and Fish Florida has suspended future support to this organization because a post event report is required as part of the criteria to receive future funds from Fish Florida.

Finding 2. Paragraph 4. The support documentation was an email receipt for an FPL electric bill that was ultimately provided.

Finding 2. Recommendations: Fish Florida agrees with the recommendations to implement a better process for retaining support documents for expenditures. Fish Florida is now printing out a hard copy of all email receipts for the file and is saving an electronic version on the computer.

I hope Fish Florida has sufficiently provided the answers to the Florida Foundation for Responsible Angling/Fish Florida audit. If you have any questions please contact me at 561-628-0335 or fishflorida1@gmail.com.

Best Regards,



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