

A SAFER
F L O R I D A
HIGHWAY SAFETY AND MOTOR VEHICLES

Specialty License Plates

Division of Motorist Services
Bureau of Issuance Oversight
July 29, 2016



Meeting Objectives



- Welcome
- Department Introductions
- Procedural Changes
- Specialty License Plate Update/Overview
- Specialty License Plate Redesign/Valid Registrations
- Specialty License Plate/Voluntary Contribution Section
- Specialty License Plate/VC Sales & Distribution Reports
- Use of Funds
- Audit or Attestation
- Office of Inspector General/Notification & Contact Info
- Questions and Answers

Welcome

Department of Highway Safety and Motor Vehicles

*Providing highway safety and security through
excellence in service, education and enforcement.*



Introductions



- **Rick White**, Deputy Director, Motorist Services
- **Julie Larsen**, Chief, Bureau of Issuance Oversight
- **Brittany Close**, Bureau of Issuance Oversight
- **Paula Stanfield**, Bureau of Issuance Oversight
- **Jeanette Collins**, Bureau of Issuance Oversight
- **David Ulewicz**, Office of the Inspector General
- **Cindy Fernald**, Office of the Inspector General

SLP Procedural Changes

- Increased focus on review of annual attestations and audits
 - May receive requests for additional follow-up information
 - May receive a site visit from Bureau staff

Specialty License Plates Update/Overview

- **123 Specialty License Plates**
- **Legislative Updates:**
 - **2014 (Ch. 2014-168, Laws of Florida):**
 - Amended section **320.08056**, F.S., to create a license plate for the Fallen Law Enforcement Officers, Florida Sheriffs Association, Keiser University, Moffitt Cancer Center, and establish as well as authorize the collection/distribution of annual use fees for the license plates.
 - Amended section **320.08058**, F.S., revising provisions relating to the distribution of annual use funds to the Astronauts Memorial Foundation, Inc. for the Challenger/Columbia specialty license plate.



Specialty License Plates Update/Overview

- **Legislative Updates continued:**
 - **2015 (Ch. 2015-163, Laws of Florida):**
 - Amended section **320.08053**, F.S., to remove the \$60,000 application fee requirement and reporting of marketing strategy requirement to the department for the establishment of a specialty license plate.
 - Amended section **320.08056**, F.S., to allow an authorized agent serving on behalf of the department to receive requests for a specialty license plate.
 - Amended section **320.08058**, F.S., to remove the statutory language for the following discontinued plates: Corrections Foundation, Children First, and Veterans of Foreign Wars license plate.

Specialty License Plates Update/Overview

- **Legislative Updates continued:**
 - **2015 (Ch. 2015-163, Laws of Florida):**
 - There were also amendments which added the Major League Soccer Team to the Florida Professional Sports Team license plate, and revisions to the definition of the term “major sports events” for purposes of distribution of specialty license plate annual use fees.
 - **2016: No specialty plate legislative changes**

SLP Redesign Process



- Organization may request a redesign of the specialty plate if:
 - The inventory of those plates has been depleted, or
 - The organization agrees to purchase the remaining inventory of the specialty license plates from the department at cost

SLP Redesign Process

Typical redesign process:

- Organization submits letter of intent to redesign, agrees to purchase remaining stock and provides artwork to department
 - Completion of this step officially initiates the redesign process
- Counties will continue to issue their existing stock
- PRIDE will only manufacture personalized plates
- Electronic and metal plates will be submitted to organization for approval
- Metal plates are reviewed by Florida Highway Patrol for legibility

SLP Redesign Process

Process continued:

- When plate is approved by organization, an order for plates is sent to PRIDE
- Department notifies organization of final buyout amount
 - Includes stock at PRIDE and stock in tax collector offices
- When the buyout check is received, the newly designed plates are sent to county offices
- Redesign process is approximately 6 – 9 months

1,000 Valid Registrations

- Most organizations must maintain 1,000 valid registrations. Collegiate license plates are exempt from this requirement.
- New specialty license plates – When the license plates go on sale the organization has 1-year to reach 1,000 valid registrations. At the end of that year, if they do not have the required registrations, the organization will be placed on probation for 1-year. They will have that year to reach the 1,000 valid registrations. If they do not, we will discontinue the license plate and it will no longer be available for renewal, replacement or original issuance. However, anytime during that year the 1,000 valid registrations are met, we will remove the organization from probation.

1,000 Valid Registrations

- Established specialty license plates – Most organizations must maintain 1,000 valid registrations. Every month, the numbers of valid registrations are reviewed. Any organization that is below 1,000 valid registrations will be placed on probation for 1 year. They will have that year to reach the 1,000 valid registrations. If they do not, we will discontinue the license plate and it will no longer be available for renewal, replacement or original issuance. However, anytime during that year the 1,000 valid registrations are met, we will remove the organization from probation.

Specialty License Plate/Voluntary Contribution Section

- Two Key Areas:
 - Creation, redesign, and probation
 - Paula Stanfield (paulastanfield@flhsmv.gov)
 - Voucher process, started in 2010
 - 1,000 minimum to create and maintain plate
 - Audit and review
 - Jeanette Collins (jeanettecollins@flhsmv.gov)
 - Review of annual attestations & single audits filed
 - Verifies reported information against Florida Statute
 - Requests additional documentation as needed
 - Identifies common errors/problems in reviews
 - Contacts organization for onsite visit as needed
 - Referral to Inspector General's office

Florida Specialty License Plates/VC Website

<http://www.flhsmv.gov/specialtytags/SLP.html>

Specialty License Plates

- [FAQs on Specialty License Plates](#)
 - [Specialty License Plate Images](#)
 - [Specialty License Plate Reports](#)

 - [Hottest Selling Specialty License Plates](#) (PDF)
 - How to purchase a [sample](#) of any Florida License Plate
 - Want to Create a New Specialty License Plate?
 - [The Law](#)
 - [Application Requirements](#)
 - [Specialty License Plate Affidavit](#)
 - [Procedures and Requirements for the Use of Funds](#)
 - [Specialty License Plate Gift Certificate Program](#)
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[Presale Specialty License Plates](#)

- [Presale Activity Report](#)
- [Florida Specialty License Plate Brochure](#)
- [Specialty License Plate Presentation July 29, 2016](#)

Specialty License Plate and Voluntary Contribution Sales and Distributions Reports

Webpage - [Motorist Services](#)

Report – Specialty License Plate Sales Report

Data - **Sales** by county, day, month, year

Source: Florida Real Time Vehicle Information System (FRVIS)

Webpage – [Bureau of Accounting Web Portal](#)

Report – Revenue Distribution Payment Reports

Data - **Distributions** by CSFA and revenue type (SLP or VC)

Source – HSMV Accounting System (FAME)

Webpage – [Florida CFO/Department of Financial Services Payments](#)

Report – Vendor/Payee Payment Reports

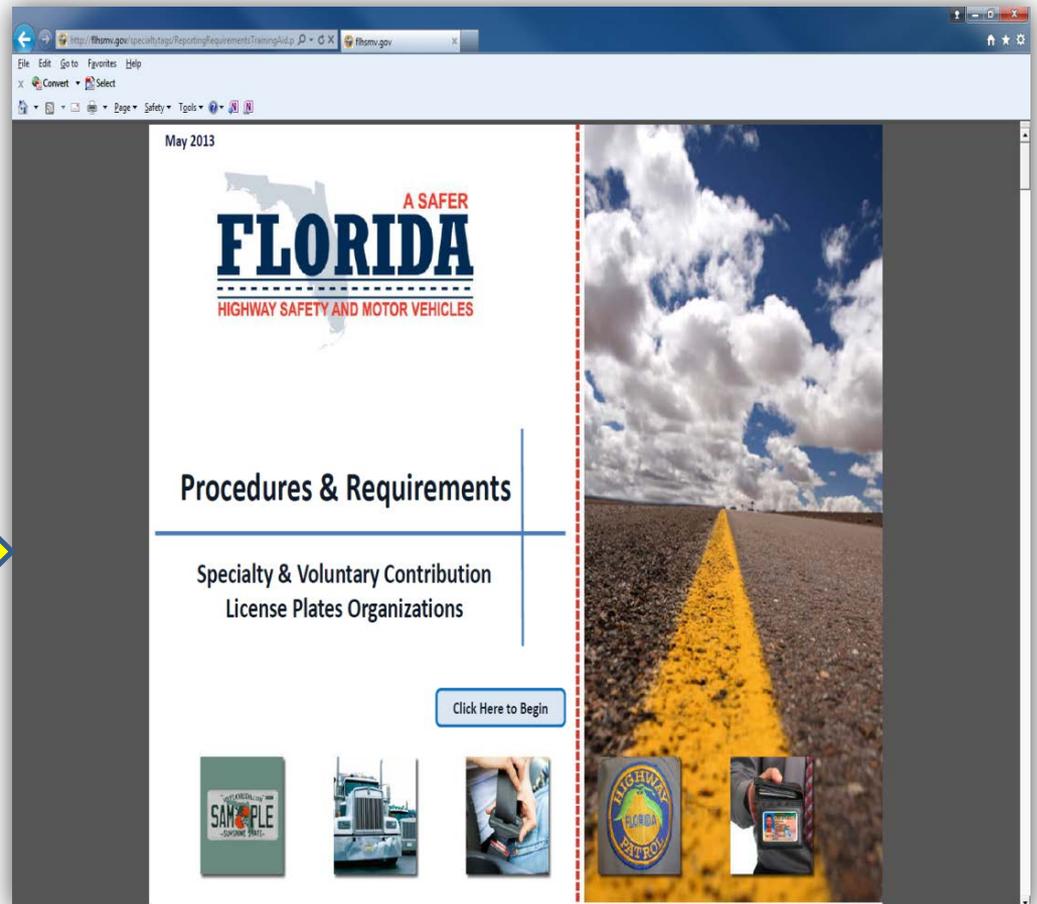
Data - **Distributions** by FEID, day, month, year

Source – Florida Accounting Information Resource System (FLAIR)

All reports will be linked on the Specialty License Plate webpage

Florida Specialty License Plates Website

[ReportingRequirementsTrainingAid.pdf](#)



Use of Funds, Specialty License Plates

- Each Organization must ensure proceeds are used in accordance with Florida Statute*
- Allowable Expenditures include:
 - Start-up costs
 - Program and project costs*
 - Administrative costs
 - Promotion and marketing costs
 - Annual audit or compliance affidavit costs
- If an expenditure is **NOT** specified in law, it is **not allowed**. Additionally, percentages authorized in statute must be adhered to.*

*Applies to voluntary contribution funds as well.

Use of Funds, Specialty License Plates

- **Program Expenses** - incurred solely for purposes provided in law. Generally include:
 - Salaries of employees and officers
 - Timesheets – for individuals actively participating in authorized programs
 - Office supplies, equipment, travel, paper, printing, postage, internet site, contracted goods and services if **directly** associated with an authorized program purpose
 - Grants - solicitation and award process

(Similar for voluntary contributions)

Use of Funds, Specialty License Plates

- **Administrative Expenses**— operating costs of entity
 - Permitted **only** if specifically stated in statute
 - Permitted **up to** the percentage specified in law
 - Examples of administrative expenses allowed include:

(S. 320.08056(10), F.S.)

- Administrative salaries of employees and officers of the organization who do not or cannot prove, via detailed daily time sheets, that they actively participate in program activities
- Bookkeeping and support services of the organization
- Office supplies and equipment not directly utilized for the specified program.
- Travel time, per diem, mileage reimbursement, and lodging expenses not directly associated with a specified program purpose
- Paper, printing, envelopes, and postage not directly associated with a specified program purpose
- Miscellaneous expenses such as food, beverage, entertainment, and conventions

Use of Funds, Specialty License Plates

- **Promotion and Marketing Expenses**
 - Permitted **only** if specifically stated in statute
 - Permitted **up to** the percentage specified in law
 - Examples include
 - Website
 - Mass media advertisements
 - Mail-outs and postage

Note: Administration and marketing funds must be spent in the year received. If not spent that year, these funds can be carried forward for program purposes only.

Use of Funds, Specialty License Plates

- **Annual Audit or Compliance Affidavit Expenses**
 - Audit fees for Florida Single Audit (S. 215.97, F.S.)
 - Permitted in the ratio of expenditures of SLP fees to all other state financial assistance expenditures for the fiscal year (S. 215.97(8)(k), F.S.)
 - Compliance Affidavit preparation fees
 - Permitted for the actual preparation costs (does not include normal accounting function expenses)

Use of Funds, Specialty License Plates

- **Disallowed Expenses**

- Any expenditure of SLP/VC fees that do not comply with Florida Statutes
- Any SLP/VC expenditure, whether authorized or not, that cannot be substantiated with a detailed employee time sheet, a receipt, or a cancelled check.
 - Receipts (or invoices) should include relevant details of services provided, dates, etc.



Use of Funds, Voluntary Contribution

- **Important to Remember**
 - Voluntary Contribution (VC) organizations may not use administrative or marketing expenses unless explicitly identified in statute.
 - VC organizations that also have a specialty plate may not apply the authorized plate admin/marketing thresholds to funds earned from their voluntary contributions.



State Financial Assistance (SFA)

Specialty License Plate and Voluntary Contributions

Section 215.97, F.S. (Florida Single Audit Act - FSAA)

- Applies to **all SLP and VC regardless of amount** of funds received or expended for the following:
 - *Access to records*
 - *Retention of Records*
 - *Internal Controls*
 - *Use of Funds*
- Each SLP or VC is assigned a unique number in the Catalog of State Financial Assistance (CSFA). Include the CSFA # on:
 - Agreements/grant awards/letters with subrecipients of SLP/VC funds
 - Annual report to DHSMV, either the
 - ❖ Affidavit (revised form Summer/Fall 2016), or
 - ❖ Schedule of Expenditures of SFA (part of the state single audit)

The audit threshold of \$750,000 applies to all expenditures of SFA (regardless of source).

Audit or Attestation

- If annual expenditures are **less than \$750,000** for all **State** financial assistance from any State agency or not-for-profit entity 
 - File an Attestation (Affidavit Form) with DHSMV within 9 months of entity's fiscal year end
- Otherwise, CPA audit in accordance with F.S. 215.97 (Florida Single Audit). Filed with DHSMV and Auditor General within 45 days after delivery of the audit to the entity, but no later than 9 months of entity's fiscal year end.



Audit or Attestation

- Affidavit Forms and Instructions

Specialty License Plate Affidavits



All about affidavits

- [Voluntary Contribution Affidavit \(blank form\)](#)
- [Specialty License Plate Affidavit \(blank form\)](#)
- Specialty License Plate/Voluntary Contribution Affidavit [Instructions](#)

<http://www.flhsmv.gov/specialtytags/slpaudit.html>

Audit or Attestation

- **Audit Types conducted by CPA firms for Specialty License Plate (SLP) recipients**
 - May be required by entity by-laws or policy or other funding agencies
 - Financial Statement Audit
 - Federal Single Audit
 - Required by s. 215.97, F.S. (related rules – Ch. 69I-5, FAC)
 - State Single Audit (FSAA) **if** entity expends a total amount of state financial assistance (SFA), of **\$750,000 or greater**, during the entity's fiscal year from ANY source
 - Project specific audit if entity only receives funds from one source
 - Various audit types above will be consolidated by the CPA if multiple types are needed



Audit or Attestation

FSAA - Schedule of Expenditures of Federal Awards and State Financial Assistance

Grantor	Match	CFDA# or CSFA#	Grant Number	Total Expenditures	
Federal Contracts and Grants (Continued)					
Department of Defense					
Office of the Chief of Naval Research					
Basic and Applied Scientific Research					
		12.300	N00014-11-1-0432	\$ 115,503	\$ 115,503
Total Federal Contracts and Grants				\$ 2,340,022	
State and Local Contracts and Grants					
State of Florida					
Florida Fish & Wildlife Conservation Commission					
Mote Marine Laboratory - Stock Enhancement					
		77.008	10087	\$ 282,615	\$ 282,615
Manatee Research					
		77.011	09012	292,467	292,467
Fish and Wildlife Research Support Program					
		77.025	07041	491,102	
		77.025	12,054	321,088	812,190
Department of Highway Safety & Motor Vehicles					
Protect our Reefs License Plate Project					
		76.069	POR	907,261	907,261
Sea Turtle License Plate Project					
Passed through Sea Turtle Conservancy					
		76.070	11-004E	7,250	
		76.070	11-008R	183	
Passed through Sea Turtle Conservancy					
		76.070	12-011R	12,001	19,434
Department of Agriculture and Consumer Services					
Aquaculture Development Projects					
	Y	42.015	FDACS017138	85,030	
	Y	42.015	FDACS018492	85,342	170,372
Total State and Local Contracts and Grants				\$ 2,484,339	
Total Financial Assistance				\$ 4,824,361	

F
E
D

FFWCC

DHSMV Direct

SLP Pass-through

DACS

Audit or Attestation

Specialty License Plates/Voluntary Contributions- Keys to Maximizing Compliance

- Ensure key staff:
 - Review Statutes and DHSMV Guidance regularly
 - Review FSAA Catalog and Compliance Supplement
 - All laws regarding use of funds apply even if your entity does NOT hit the \$750,000 threshold (all state funds)
 - <https://apps.fldfs.com/fsaa/index.aspx>
 - Discuss with your CPA if they are familiar with State compliance auditing
 - Talk to Motorist Services staff or Inspector General staff

Audit or Attestation

Specialty License Plates/Voluntary Contributions - Keys to Ensuring the Trust of Donors and the Public

- Current knowledge of regulatory requirements
- Continued familiarity of SLP/VC compliance when staffing changes occur
- Work Environment with high regard for compliance and integrity
- Accounting System -separate identification and reporting of SLP/VC revenues and expenditures
- Adequate records retention
- Adequate (clear and complete) invoice descriptions
- Willingness to contact DHSMV staff with questions

Office of the Inspector General (IG)

- Office within the Department of Highway Safety and Motor Vehicles (DHSMV).
- Reports directly to the DHSMV Executive Director.
- Office of Inspector General established in each state agency and authorized to review the agency's programs. (F.S. 20.055)
- Responsible for promoting accountability, integrity, and efficiency in government.
- Audits conducted in accordance with:
 - International Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors.
 - Principles and Standards for Offices of Inspector General published by the Association of Inspectors General.

DHSMV IG

Authority to Examine Records

- Specialty License Plates (SLP) – F.S. 320.08062(3)
- Voluntary Contributions (VC):
 - Motor Vehicle Registration – F.S. 320.023(7)
 - Driver's License Application – F.S. 322.081(7)
- Florida Single Audit Act – F.S. 215.97 (8)(d)

Audits Conducted by DHSMV IG

- **Purpose** - Determine compliance with use of SLP/VC fees
 - Statutes and Policies
- **Scope** – generally most recent or 2 years of data – will go back further in certain circumstances
- **Methodology**
 - Preliminary (planning)
 - Fieldwork (in Tallahassee and at your office)
 - Reporting

DHSMV IG Audit Methodology

- **Preliminary**

- Initial contact with organization CEO – phone call
- Written engagement letter (email)
- Entrance conference (usually by phone)
 - CEO, accountant, etc-familiar with use of SLP/VC fees
 - Identify contact person
 - Nature of expenses; related organizations
 - Request records – general ledger and detail
 - Public Records – “Sunshine Law”
 - Schedule on-site office visit

DHSMV IG Audit Methodology

- **Fieldwork**

After off-site review of preliminary records and sample selection:

- On-site inquiries/review of supporting documentation:

- Grants (proposals, awards, reports) – CSFA #
- Goods (invoices, receipts) and Services (contracts, billings)
- Credit Card/Debit Card charges (receipts)
- Personnel (W2, timesheets, allocations)
- Distributions (statutory basis, reasonableness)
- Bank statements

- Communicate known issues before leaving site

Consider additional written and verbal information (if needed after on-site review)

DHSMV IG Audit Methodology

- **On-site coordination goal:**

Efficient on-site review for your entity and DHSMV IG
Minimize time – Maximize Information

- Key to success – knowledgeable contact person with sufficient authority committed to finalizing all outstanding issues
- IG may be in the geographic area for a couple of days if scheduled with other entities

Communicate, coordinate, cooperate!

DHSMV IG Audit Methodology

- **Reporting**

- Supervisor reviews audit work and draft report; findings and recommendations discussed with Motorist Services
- Exit Conference (by phone) with organization
- **If findings are proposed:**
 - **Written 'preliminary findings' (email)**
 - **Entity response and planned corrective actions due in 20 working days; included in audit report**
- Final report provided to entity, Department staff, and available to interested parties

Follow up audit to confirm entity's corrective actions

DHSMV IG - Recent SLP/VC Audit Findings

- **Distributions**
 - Untimely or “Under” distributions to named organizations
 - Statutory formula or methodology
- **AMP Allocation** (Administrative, Marketing, Promotion)
 - Exceeded statutory percentage
 - Spending limited to current year
- **Related Parties/Conflict of Interest**

DHSMV IG - Recent SLP/VC Audit Findings

- **Reporting**
 - Within 9 months
- **Recordkeeping**
 - Affidavit = General Ledger = Details

DHSMV IG - Recent SLP/VC Audit Findings

- **Documentation**

- Credit/Debit Cards – receipts
- Invoices, Contracts/Billings
- Payroll Records

- **Internal Controls**

- Segregation of duties –initiate, authorize, record, reconcile, access, etc.
- Independent verifications – bank reconciliations, etc

DHSMV IG - Internal Controls

PROCESS



PEOPLE

Process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Source: Committee of Sponsoring Organizations (COSO)

DHSMV IG - Fraud Awareness and Deterrence

> OPPORTUNITY

Potential fraudsters identify an opportunity to use/abuse their position of trust for personal gain and they believe they have a low risk of getting caught in the act.

Opportunities stem from...

- Weak internal controls
- Poor security
- Unchecked management access
- Low likelihood of detection
- Lack of policy enforcement
- Uncontrolled vendor relationships

Opportunity can sway the otherwise honest.

> INCENTIVE

Need and greed are common incentives for committing fraud. When coupled with opportunity, the temptation can be all too great.

Common pressures that lead to fraud:

- Financial difficulties
- Living beyond means
- Control issues, unwillingness to share duties
- Divorce/family problems
- Wheeler-dealer attitude
- Unusually close association with vendors

> RATIONALIZATION

Some individuals possess an attitude or set of ethical values that allows them to knowingly and intentionally commit a dishonest act. Others may be able to rationalize a fraudulent act as being consistent with their personal code of ethics.

Common rationalizations:

- “I was only borrowing the money.”
- “I was entitled to the money.”
- “I had to steal to provide for my family.”
- “I was underpaid; my employer cheated me.”
- “My employer is dishonest and deserved to be fleeced.”

Source: Association of Certified Fraud Examiners

DHSMV IG – Initial and Annual Filings

Who
What
When

FS 617

Non Profit Incorporation Law

SunBiz – Annual Report
Articles of Incorporation; Bylaws
Governance; # of Directors; Minutes
Financial Records; Records Retention; Conflict of Interest

Board
Key Staff
Advisors

FS 496

Public Charity Law

Initial registration statement
Annual renewals
Annual and supplemental financial disclosures
-- 990, audit, form

SLP/VC

Affidavit

or

Single
Audit

IRS

Tax exempt status
Annual filing – Form 990, etc
990 governance questions

DHSMV IG - 2016-17 Audits

- Entities that have not been audited by the DHSMV IG or had a F.S. 215.97 single audit recently.
- Includes SLP and VC entities.
- “Pool” of entities – can change throughout the year.

Contact: Cindy Fernald

cynthiafernalld@flhsmv.gov

Notifications to DHSMV

- **Provide immediate email notice to Jeanette Collins for:**
 - Discontinuation of organization or services offered
 - Changes in:
 - Organization name
 - Fiscal year reporting
 - Contact Information – email, phone, physical address
 - CEO, Accountant, or Board Chair
- **Contact Brittany Close immediately:**
 - Any known or alleged fraud, re SLP/VC
 - Significant known fraud of the organization



Contact Information

Division of Motorist Services
Bureau of Issuance Oversight
(850) 617-3001

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