



## Specialty License Plate Audit Florida Agriculture Center and Horse Park Authority, Inc. Discover Florida's Horses Audit Report 201516-36

August 25, 2016

### Executive Summary

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The purpose of this audit was to determine compliance with applicable laws and policies related to the annual affidavit prepared by the Florida Agriculture Center and Horse Park Authority, Inc. (Authority) for the Discover Florida's Horses specialty license plate. The Authority is required to submit a Specialty License Plate Revenue, Expenditure, and Compliance Affidavit to the Department of Highway Safety and Motor Vehicles (Department) within nine months after the end of the Authority's fiscal year. The affidavit submitted by the Authority for the 2015 Fiscal Year ended June 30, 2015 was used for this audit.

For every Discover Florida's Horses specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Authority, a non-profit organization formed for the charitable purpose of advancing agricultural education and agricultural education programs.

During our audit, we determined the Authority generally complied with applicable laws and policies related to the annual affidavit for the Discover Florida's Horses specialty license plate. However, we did note that compliance could be improved through observing the statutory limit of administrative expenditures and timely submission of the annual affidavit. The Authority concurred with the audit findings.

### Background and Introduction

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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 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 Discover Florida's Horses specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Authority, a

non-profit organization formed for the charitable purpose of advancing agricultural education and agricultural education programs. Section 320.08058(74), F.S., specifies that a maximum of five percent of the proceeds may be used for administrative costs of the license plate program; a maximum of five percent of the proceeds may be used for the promotion and marketing of the plate; and the remaining proceeds shall be used to promote the Florida Agriculture Center and Horse Park, to support continued development of the park, to provide improvements to the existing infrastructure at the park, and to provide for operational expenses of the Florida Agriculture Center and Horse Park.

The Authority reported receipts of \$106,712.13 in specialty license plate fees for the 2015 Fiscal Year.

We used the Authority's 2015 Fiscal Year affidavit and financial records for this audit.

## Findings and Recommendations

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During our audit, we determined the Authority generally complied with applicable laws and policies related to the annual affidavit for the Discover Florida's Horses specialty license plate. However, we identified the following issues which require management attention.

### ***Statutory Allocation for Administrative, Marketing, and Promotion (AMP) Costs***

**Finding 1:** Enhanced monitoring and classification of administrative expenses would improve the Authority's compliance with statutory limits.

Section 320.08056(10)(a), F.S., states that specialty license plate fees may not be used for general or administrative expenses, except as authorized by Section 320.08058, F.S. Additionally, Section 320.08056(10)(b), F.S., states that administrative expenses include bookkeeping and support services of the organization. Lastly, Section 320.08058(74)(b)1, F.S., states that a maximum of 5 percent of the proceeds from the annual use fees may be used for the administration of the Florida Horse Park license plate program.

Our review of the 2015 Fiscal Year affidavit indicated that \$39,750 was expended for accounting and auditing services. Based on the revenue of \$106,712.13 reported on the 2015 Fiscal Year affidavit, the Authority exceeded the statutory allocation of \$5,335.61 by \$34,414.39.

Administrative expenses were classified as operational expenses on the affidavit.

**Recommendation**

We recommend that the Foundation monitor its level and classification of administrative expenses to ensure that the statutory limit is not exceeded each year.

**Management Response**

The Horse Park agreed that it needs to put in place a more thorough monitoring and classification system for approved expenses. The Horse Park will do this by separating administrative and operation expenses in its financial records-keeping so that assigned expenses will not exceed the statutory limit in the future.

*Reporting*

**Finding 2:** The Authority can improve its timeliness of annual statutory reporting.

Section 320.08062(1)(b), F.S., requires organizations not subject to audits required by Section 215.97, F.S. (state single audit), to annually attest that annual use proceeds were used in compliance with law. The affidavit is annually made by the organization in a form and format determined by the Department. According to Section 320.08062(1)(c), F.S., the annual affidavit shall be submitted to the department for review within 9 months after the end of the organization’s fiscal year.

The Authority submitted the 2015 Fiscal Year affidavit 46 days after the statutory timeframe. The affidavit was due on March 31, 2016, and submitted on May 16, 2016. The Authority did not timely submit affidavits for the prior four fiscal years with delays ranging from one to three months.

**Recommendation**

We recommend the Authority implement processes to ensure the annual affidavit, or state single audit, is submitted to the Department within the statutory timeframe.

**Management Response**

The Horse Park agreed that it had been tardy in its annual reporting. In the past, the Horse Park controller only worked two days a week, but has recently increased her time in the office to four days a week. This will allow for a more timely response.

## **Purpose, Scope, and Methodology**

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The purpose of this audit was to determine the Authority's compliance with applicable laws and policies related to the annual affidavit prepared by the Authority for the Discover Florida's Horses specialty license plate.

The scope of this audit included revenues and expenditures reported on the Authority's affidavit for the 2015 Fiscal Year, and specialty license plate revenue and expenditures reported in the Authority's financial records for the 2015 Fiscal Year.

The methodology included:

- Reviewing Florida Statutes related to specialty license plate fees;
- Reviewing Department policies related to specialty license plate fees;
- Reviewing the Authority's policies related to the use of specialty license plate fees;
- Reconciling the Department's distribution of annual use fees to revenues reported on the affidavit filed by the Authority;
- Reconciling the expenditures reported on the affidavit to the Authority's financial records;
- Reviewing the use of funds by the Authority 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
- Reviewing reasonableness of balances.

## Distribution, Statement of Accordance, and Project Team

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### Distribution

Terry L. Rhodes, Executive Director  
Diana Vaughn, Deputy Executive Director  
Jamie DeLoach, Chief of Staff  
Robert Kynoch, Director of Motorist Services  
Rick White, Deputy Director of Motorist Services  
Julie Larsen, Bureau Chief of Issuance Oversight

Shawn Doherty, Executive Director, Florida Agriculture Center and Horse Park Authority, Inc.

Melinda M. Miguel, Chief Inspector General  
Sherrill F. Norman, Auditor General

### Statement of Accordance

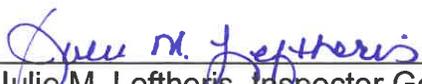
Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement 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:  
Cindy Fernald, Auditor  
Kyle Tolbert, Auditor

Under the supervision of:  
David Ulewicz, Audit Director

Approved by:

  
Julie M. Leftheris, Inspector General

## ATTACHMENT – Management Response



August 22, 2016

David Ulewicz  
Florida Highway Safety and Motor Vehicles  
2900 Apalachee Parkway  
Tallahassee, FL 32399-0500

Re: Response to audit findings and recommendations

Dear Sir:

The following is the response to the audit findings and recommendations

**Finding 1 / Recommendation**

**Florida Horse Park's Response:**

The Horse Park agrees that we need to put in place a more thorough monitoring and classification system for approved expenses. We will do this by separating administrative and operational expenses in our financial record-keeping so that assigned expenses will not exceed the statutory limit in the future.

**Finding 2 / Recommendation**

**Florida Horse Park's Response:**

The Horse Park agrees that we have been tardy in our annual reporting. In the past our controller only worked two days a week, but we have recently increased her time in the office to four days a week. This will allow for a more timely response.

Respectfully Submitted,  
Florida Horse Park

Shawn K. Doherty  
Executive Director, Florida Horse Park

Florida Agriculture & Horse Park Authority, Inc.  
11008 S Highway 475 • Ocala • Florida • 34480  
Phone: 352-307-6699  
Fax: 352-307-6799  
www.flhorsepark.com