

Specialty License Plate Audit
Florida Agricultural and Mechanical
University Foundation, Inc.
Florida Agricultural and Mechanical University
Audit Report 202425-11

April 10, 2025

Executive Summary

The purpose of this audit was to determine compliance with applicable laws and policies related to the annual reporting prepared by the Florida Agricultural and Mechanical University Foundation, Inc., (Foundation) for the Florida Agricultural and Mechanical University (FAMU) specialty license plate. The Foundation 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 Foundation's fiscal year. The affidavit submitted by the Foundation for the 2022-23 Fiscal Year ended June 30, 2023, was used for this audit.

For every FAMU specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Foundation, a non-profit organization. The Foundation was established to encourage, solicit, and administer gifts for the advancement of FAMU.

During our audit, we determined the Foundation materially complied with applicable laws and policies related to the annual affidavit for the FAMU specialty license plate. However, we did note that compliance could be improved through enhanced recordkeeping and annual reporting of expenditures.

The Foundation generally agreed with the findings and recommendations and stated that they have implemented corrective actions.

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 Statute (F.S.), authorizes the issuance of all specialty license plates and specifies the annual use fee for the more than 144 specialty license plates Florida offers.

Sections 320.08062(3), F.S., grant 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 FAMU specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed, as required by statute, to the Foundation, a non-profit organization. The Foundation was established to encourage, solicit, and administer gifts for the advancement of FAMU.

Section 320.08058(3)(b), F.S., specifies that the Board of Governors of the State University System shall require each state university to submit a plan for approval of the expenditure of all annual use fees. These funds may be used only for academic enhancement, including scholarships and private fundraising activities. The Foundation is approved for 25% scholarships and 75% fundraising.

The FAMU specialty license plate was established in 1987. There were 16,293 FAMU specialty license plates as of June 2023. The Foundation reported receipts of \$425,719 in specialty license plate fees for the 2022-23 Fiscal Year.

Results of Audit

During our audit, we determined the Foundation materially complied with applicable laws and policies related to the annual affidavit for the FAMU specialty license plate. However, we did note that compliance could be improved through enhanced recordkeeping and annual reporting of expenditures. The following issues require management attention.

Reporting Accuracy

Finding 1: The accuracy of the expenditures reported on the affidavit should be improved.

Section 320.08062, F.S., requires the submission of an annual attestation (affidavit) or state single audit. The law also provides the Department with the authority to 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 Foundation had specialty license plate scholarship expenditures totaling \$104,275 reported in the general ledger financial records. However, the Foundation had specialty license plates scholarship expenditures reported on the affidavit as \$106,429.74. This

caused the expenditure total listed on the affidavit to be overstated by \$2,154.74. After audit inquiry, we determined the Foundation listed scholarship allocations on the annual affidavit rather than the paid scholarship expenditures recorded in the general ledger.

Because of the difference between the scholarship allocation amount listed on the affidavit and the scholarship expense amount listed in the general ledger, the affidavit did not accurately reflect an ending balance remaining for scholarships. The remaining balance for scholarships or fundraising should be tracked and used only for the specific allocation type: scholarships or fundraising. The lack of maintaining and tracking a cumulative balance could lead to the specialty license plate funds not being spent according to the statutorily required percentages.

Recommendations

We recommend the Foundation ensure specialty license plate expenditures are accurately reported on the affidavit.

We also recommend the Foundation ensure the unused scholarship allocation balance is monitored and carried forward for the next fiscal year's scholarship use.

Management Response

The Foundation agrees with the recommendations. The Foundation will correct the 2022-2023 and 2023-2024 Fiscal Year affidavits to reflect actual expenditures instead of allocations. Future affidavits will reflect actual expenditures with carryover balances.

Recordkeeping

Finding 2: The Foundation should improve its documentation and retain supporting documents for expenditures.

Section 320.08062, F.S., requires the submission of an annual attestation (affidavit) or state single audit. The law also provides the Department with the authority to establish the format of the affidavit. The Bureau describes the format in its procedures and guidelines and the sample template on its website. The guidance requires annual expenditures to be reported on the affidavit.

According to the Department Procedures and Requirements (May 2013), expenditures reported on the affidavit are subject to disallowance if they cannot be substantiated.

Additionally, Section 215.97(8)(d), F.S., requires that records be maintained for the expenditure of funds. The Foundation is the recipient of funds and is responsible for monitoring payments to subrecipients.



The Foundation did not have detailed support documentation for the scholarship payment to the University. The Foundation initially could not provide the names of the students who received the scholarships and records to evidence of student payment. After a delay, the Foundation was able to obtain support records for the scholarships. However, obtaining the scholarship population and detailed support after the fact is not a reasonable substitute for monitoring subrecipients and contemporaneous recordkeeping.

Processes are not in place to obtain and retain supporting documents to ensure payments to the University (subrecipient) are utilized according to state regulations and the expenditure plan. The Foundation issues a check to the University. No scholarship recipients or records of credit to the students are received by the Foundation. The accuracy and reliability of recordkeeping are compromised when detailed support documentation for transactions is received after the fact and not retained.

Recommendation

We recommend the Foundation develop and implement processes to obtain and retain supporting documents for all expenditures and payments to the University to ensure compliance.

Management Response

The Foundation agrees with the recommendation. The Foundation coordinated with the University Financial Aid office to implement a process to obtain supporting documents and payment information by June 30th each year to verify student awards.

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 FAMU specialty license plate and voluntary contributions.

The scope of this audit included specialty license plate expenditures reported on the Foundation's state single audit for the 2023 Fiscal Year, and revenue and expenditures for specialty license plate and voluntary contributions reported in the Foundation's financial records for the 2023 Fiscal Year.

The methodology for the audit of the FAMU specialty license plate included:

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

Dave Kerner, Executive Director
Robert Kynoch, Deputy Executive Director
Jennifer Langston, Chief of Staff
Stephanie Duhart, Chief Administrative Officer, Division of Motorist Services

W. Anthony Neal, Ph.D., Executive Director, FAMU Foundation, Inc.
John L. Green, Audit Committee Chair, FAMU Foundation, Inc.
Latosha Adams-Francis, Senior Director, Finance & Accounting, FAMU Foundation, Inc.
Gena Palmberg, Assistant Director Financial Operation, FAMU Foundation, 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, appearing to read "Mike Stacy", written over a horizontal line.

Mike Stacy, Inspector General

ATTACHMENT – Management Response



Florida Agricultural and Mechanical University

TALLAHASSEE, FLORIDA 32307-3100

FLORIDA A&M UNIVERSITY FOUNDATION, INC.

TELEPHONE: (850) 412-5755
FAX: (850) 412-5138

**FAMU Foundation
Corrective Action Plan
In Response to Specialty License Plate Report Number 202425-11
March 18, 2025**

Finding	Recommendation	Corrective Action	Responsible Person	Target Completion Date
1	We recommend the Foundation ensure specialty license plate expenditures are accurately reported on the affidavit. We also recommend the Foundation ensure the unused scholarship allocation balance is monitored and carried forward for the next fiscal year scholarship use.	Management agrees with this recommendation. The Foundation will correct 2022-2023 and 2023-2024 to reflect actual expenditures instead of allocations for scholarships and fundraising with carryover balances for scholarships and fundraising. And future affidavits will reflect actual expenditures with carryover balances.	Assistant Director Financial Operations	Completed
2	We recommend the Foundation develop and implement processes to obtain and retain supporting documents for all expenditures and payments to the University to ensure compliance.	Management agrees with this recommendation. The Foundation spoke with the University Financial Aid Office and was able to retrieve an example list of the students awarded the First Generation Matching grant that includes payment id, disbursement date and post date. The Financial Aid Office will provide the Foundation with a list of students awarded including <u>payment information by</u>	Assistant Director Fiscal Operations-Scholarships	Completed

FAMU IS AN EQUAL OPPORTUNITY/EQUAL ACCESS UNIVERSITY



		June 30 th every year. The Foundation will verify the total amount of student awards against the payment to the Controller to ensure awards are equal to or greater than the Foundation's payment to the University.		
--	--	---	--	--

FAMU IS AN EQUAL OPPORTUNITY/EQUAL ACCESS UNIVERSITY