



Clerk of the Circuit Court Board of County Commissioners

Marion County



Internal Audit Division

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February 2, 2004

The Honorable Andy Kesselring, Chairman of the Board of County Commissioners

RE: CONSOLIDATED AUDIT OF AGENCIES RECEIVING CHOOSE LIFE LICENSE PLATE FEES

The Internal Audit Division has performed a "consolidated audit" as required by Section 320.08058 (30)(b), Florida Statutes, of the agencies which received funds during FY 2003 from Marion County resulting from fee revenues of the Choose Life specialty license plate. The receiving agencies and the use of the consolidated audit method were authorized by the Board on February 20, 2001. This was the third reporting year that proceeds from the specialty license plates were distributed by the County to Interfaith Emergency Services, the authorized supervising agency.

Attached is the required reporting form from Interfaith to the County that was reviewed by the Internal Auditor. We found the report to be accurate in all material respects, but we determined that certain reclassifications were appropriate for our reporting. We therefore present the attached adjusted reporting form (Report Attachment) which is our determination of the actual activities during FY 2003.

Funding from the County for FY 2003 was \$20,055.85. At September 30, 2003, the total expenditures for FY 2003 were \$6,001.69, which equals 30% of the total funds. This is the second year that most of the distributed funds were not utilized. This is a potential matter of concern which we discussed with representatives of Interfaith and other agencies. We are now satisfied that the agencies are in progress of appropriately re-examining their policies and mission on utilizing Choose Life funds. Further, we believe that the agencies are better focused on maximizing use of Choose Life funds. In addition, the agencies instituted enhanced control procedures several weeks prior to September 30, 2003.

Marion County is required to submit to the Florida Department of Highway Safety and Motor Vehicles (DHSMV) a form certifying that all the recipient agencies and Marion County have complied with Florida Statutes. The Internal Auditor has determined that the County is in compliance. We therefore submit for your review, approval and signature the required "Annual Choose Life Specialty Plate Report to DHSMV by Marion County" form (attached) which must have the signature of the Chairman.

Florida Statutes 320.08058 (30)(b) requires that any agency not using all the funds during the fiscal year must return the excess over 10% to the County. Interfaith intends to return the excess funds to the County and will request these funds to be re-authorized for FY 2004. The Board may wish to formally authorize the same agencies it previously identified, upon their request, or it may distribute the unused funds to other qualified agencies.

This consolidated audit was conducted by Wallace Watford, Internal Auditor, and Sachiko Leon, Staff Auditor. We wish to express our appreciation to the representatives of the receiving agencies for their cooperation during our review.

David R. Ellspermann
Clerk of the Circuit Court

Wallace K. Watford
Internal Auditor

Attachments

c: Patrick G. Howard, County Administrator
Janet Y. Tutt, Deputy County Administrator
John W. Garri, Finance Director
Gary Linn, Executive Director, Interfaith Emergency Services

CONSOLIDATED AUDIT OF AGENCIES RECEIVING CHOOSE LIFE LICENSE PLATE FEES - FY 2003

FINDINGS AND RECOMMENDATIONS

The agencies utilizing Choose Life license plate fee funds during FY 2003 were: Interfaith Emergency Services (lead agency), Alpha Center for Women, Women's Pregnancy Center and St. Maria Goretti Maternity Home. We found that good faith efforts were made by each of the authorized agencies to use the funds in an appropriate and best use manner. We believe that better internal controls are in place and appear to be in process of being further enhanced.

Gift Cards/Prepaid Bus Tickets

In the FY 2002 consolidated audit report, we raised concerns regarding the use of gift cards because of internal control issues and advance purchases which were still on hand. We suggested that 1) the client sign a form that lists the authorized uses of the gift card, and 2) the client subsequently submit receipts that support her authorized use of the gift card.

Our recommendations were not implemented until several weeks before September 30, 2003. Therefore, as an addition to our audit activities, we required the agencies involved to provide us with written certifications that all gift cards had been distributed only to eligible clients, that the purpose and limited usage of the cards were explained thoroughly, and that usage complied with Florida Statutes. Our activities also disclosed recent improvement in controls over gift cards, as stated below.

The agencies continued to use gift cards during FY 2003, but have implemented better internal controls for the purchase and usage of the cards. The lead agency now purchases only a few cards at a time, distributes to other agencies only as needed, and maintains a record of each card. Any agency will possess no more than two (2) unused cards at a time. Further, the Women's Pregnancy Center devised a "Client Acknowledgment" form, which clearly states the purpose and usage of the cards and requires the client to return the receipt within 10 days after purchase to receive any future gift cards. This method appears to be working and we suggest that all agencies utilize such a form.

In the FY 2002 audit report, we noted that 100 prepaid bus tickets (total \$100.00) had been purchased and distributed among the agencies. Because there subsequently appeared to be little need from clients, these are still on hand. During a meeting on November 13, 2003, Choose Life, Inc. offered to purchase these bus tickets at face value. The Alpha Center also offered to purchase some bus tickets for their clients who may not be eligible for the Choose Life funds. Should this occur, we recommend that the lead agency account for the proceeds from any sale in FY 2004. If not, the lead agency must ensure the implementation of the internal control enhancements suggested in our last audit report.

Expenditures Allocation

At least 70% of Choose Life funds are to be used to provide for the primary material needs of women and children, such as clothing, housing, medical care, food, utilities and transportation. The remaining funds, but not more than 30%, can be used for the secondary adoption related expenditures of counseling, training and advertising. The agencies met the required allocations for FY 2003: 77% of the total funds expenditures were used for material needs of women and 23% for other expenditures.

Last fiscal year, the fund allocation between the primary and secondary expenditures was 50.5% and 49.5%, respectively. Because the fund usage did not meet the 70%/30% stipulation, Interfaith was later required by the State to return \$1,785.35 to the County to ensure that the proper ratios were restored. Mr. Gary Linn, Interfaith Executive Director, requested that this amount, as well as the unused portion of FY 2002 funds (\$6,741.43) previously returned to the County, be reallocated to FY 2004. The request was approved by the Board of County Commissioners. The State has informed us that the County is now in compliance.

Utilization of Funds

Interfaith has expressed concerns about the agencies' abilities to spend all of funds it could receive during FY 2004. The receiving agencies have established a goal this fiscal year to spend no less than \$2,000 a month, which would total \$24,000. In addition to FY 2004 funds not yet received from the State (projected to be \$23,000), there are remaining funds from FY 2003 that could be reauthorized to Interfaith in FY 2004, as well as the unused FY 2002 amount that has already been returned to Interfaith to be used in FY 2004. These funds could total more than \$44,000. Considering the current needs and demands as expressed by the agencies, this amount appears unrealistic to fully expend in FY 2004.

The matter of these potential excess proceeds should be addressed within the next few months. The agencies should continuously consider whether they are able to provide expanded services to more people that meet the statutory intent for use of the Choose Life funds. The Board may wish to consider distributing all or a portion of the anticipated FY 2004 funds to other organizations whose activities fit the definition for use of the specialty license plate funds. The County may wish to research whether Choose Life funds may be distributed to any applicable State agency or program which provides similar services.