



Clerk of the Circuit Court
Board of County Commissioners
Marion County
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Internal Audit Division

David R. Ellspermann
Clerk of the Circuit Court
Wallace K. Watford
Internal Auditor

Post Office Box 1030, Ocala, Florida 34478-1030
110 NW First Avenue, Ocala, Florida 34475

Telephone: (352) 620-3904
Facsimile: (352) 620-3300
Suncom: 667-3904

April 28, 2005

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" of the agencies which received funds during FY 2004 from Marion County resulting from fee revenues of the Choose Life specialty license plate as required by Section 320.08058 (30)(b), Florida Statutes. 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 (IES), the authorized supervising agency.

IES submitted the required annual reporting form (attached) to the County, which was reviewed by the Internal Auditor. We found the report of expenditures to be accurate in all material respects.

Total funding distributed by the County during FY 2004 was \$21,279.05. At September 30, 2004, the total related expenditures were \$17,611.15, which equals 82% of the total funds authorized. IES and the other agencies made diligent and increased efforts to utilize the Choose Life funds to assist qualified clients, as well as maintain compliance with the statutory requirements. They adopted a mission statement and are in progress of further developing local policies and procedures. IES, as the lead agency, also implemented additional steps to enhance internal controls before disbursing funds, as well as to standardize procedures. Our concerns expressed in last year's audit report were promptly addressed and resolved or are currently in progress of implementation.

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 and approval the required "Annual Choose Life Specialty Plate Report to DHSMV by Marion County" form (attached), which must have the signature of the Chairman.

CONSOLIDATED AUDIT - CHOOSE LIFE LICENSE PLATE FEES

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. IES intends to return the excess funds (\$3,654.00) to the County and will request these funds to be re-authorized for FY 2005. 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, with assistance from Kathy Fitzhugh, Staff Auditor. We wish to express our appreciation to the representatives of the receiving agencies for their cooperation during our review.

David R. Ellspermann
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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 2004

FINDINGS AND RECOMMENDATIONS

The authorized agencies (Agencies) utilizing Choose Life license plate fee funds during FY 2004 were: Interfaith Emergency Services (lead agency), Alpha Center for Women, Women's Pregnancy Center and St. Maria Goretti Maternity Home. Of those authorized agencies, Interfaith Emergency Services (IES), Alpha Center for Women and Women's Pregnancy Center were active participants during this fiscal year. 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 adequate internal controls are in place and are in process of being further enhanced.

The Agencies made numerous improvements to procedures and controls during FY 2004. We commend them for their continued efforts toward best usage of the funds.

Enhanced Internal Controls

We noted in our previous report that better internal controls had been put in place. IES subsequently implemented additional procedures in FY 2004 to further ensure proper usage of the Choose Life funds.

Submission of requisition form, with supporting documentation, by a receiving agency is now required before IES will disburse any amount. This will help to streamline the process as a fifth agency is anticipated to become an active participant during FY 2005.

IES now reviews the Agencies' client files on a quarterly basis to confirm that all clients served were eligible to receive the Choose Life funds. We received a statement from IES asserting that all clients served this year were eligible.

Ms. Vicki Victory of IES, who is responsible for disbursing Choose Life funds, expressed her intention that IES remain in a managing role, rather than be an active participant with clients who require Choose Life funds. Any IES client qualifying for the funds will be referred to another participating agency to receive the benefits of the funds. An IES caseworker will care for her other needs. We agree that this procedure will allow IES to continue to provide the needed oversight of the Choose Life funds, and improve controls since this should remove any appearance of potential conflict of interest in the uses and administration of the funds.

Internal Audit had contact with IES throughout the year. IES occasionally consulted us for our opinion as auditors when the Agencies were uncertain of whether a particular use of Choose Life funds complied with the Florida Statute or was a best usage of the funds. We also conducted an interim review to discuss any ongoing concerns regarding controls or expenditures and met with the Agencies to inform them of any audit concerns and the results of our review.

Gift Cards

This was the first full year that our recommendations from FY 2002 were implemented regarding purchase/distribution of gift cards. Our recommendations were: 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. IES implemented a "Client Acknowledgment" form, which clearly states the intended usage of the gift card and requires client to submit the receipt within 10 days after purchase to receive any future gift cards. Since this procedure was implemented, \$1,944.12 was accounted for in return of receipts. This constitutes 80.3 % of cards distributed to clients. Such receipts are integral to ensure compliance with the Florida Statutes. **We recommend** Agencies continue to use the form and emphasize to the clients its importance of being in compliance.

IES purchased gift cards from Wal-Mart for food and clothing needs and from Citgo for transportation needs. The total of the gift card purchases for FY 2004 was \$3,020.00 (\$2,500.00 and \$520.00 respectively). The Agencies' internal policy in FY 2003 was that each agency would possess no more than 2 unused cards at a time and that remaining cards would be kept at IES. However, we noted that one agency had 12 unused cards on hand at the end of this fiscal year. It was explained to us that the agency had a heavy case load and therefore more cards had been given. **We recommend** that this change be included in the recently adopted Policies and Procedures, and that any future deviations be explained and documented.

Adoption of Choose Life Mission Statement/Policies and Procedures

During FY 2004, the authorized Agencies adopted the following Mission Statement:

Choose Life of Marion County seeks to provide assistance to women who are making an adoption plan for their children, to provide adoption education and to promote ethical adoption practices in our community.

The Agencies also adopted, at the beginning of FY 2005, Policies and Procedures for the use of Choose Life funds. If adhered to, such policies will help ensure continued equity in distribution of the funds among agencies and further improve internal controls. We suggest that the policies also address the Marion County Choose Life funds provided to clients residing outside of the County.

Policy on Payments to Hospitals

Three clients have given birth at a local hospital since Choose Life funds became available in Marion County. The hospital required a \$500.00 "deposit" from each client before admittance. We raised the concern whether the deposit was refundable to the client if not fully applied against her medical charges. Because of the statutory privacy issue, it was difficult to obtain any billing information for these clients, even though invoices for any remaining balance of the hospital costs would be submitted for payment by Choose Life funds.

We advised the Agencies that perhaps they could meet with the hospital personnel to obtain satisfactory documentation and make arrangements with the hospital, as well as the clients, to obtain relevant patient information without violating confidentiality. The Agencies were subsequently able to obtain the hospital's general policy pertaining to "Babies Up For Adoption" and to make necessary arrangements with the hospital when such situations arise in the future.

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The policy states that “It is the responsibility of the Intermediary or Licensed Child Placing Agency to make arrangements to pay a \$500.00 deposit prior to the discharge of the baby.” The policy implies, but not expressly states, that the deposit will be credited to the client’s medical bills. It further states the hospital “ will bill through the Intermediaryfor the balance of the bill for both Newborn and Mother.” This new policy should mitigate against any Choose Life funds being “refunded” to the client rather than the Agencies.

Utilization of Funds

In accordance with the Florida Statute, at least 70% of Choose Life funds are to be used to provide for the primary material needs of women and children awaiting adoption, such as clothing, housing, medical care, food, utilities and transportation. The remaining funds, but not to exceed 30% of the total funds, can be used for the secondary adoption related expenditures of counseling, training and advertising. The Agencies met this requirement for FY 2004 by spending 82% of the total expenditures for the primary material needs and 18% for the secondary purposes.

The Agencies utilized \$17,611.15 of the total funds during FY 2004, which was a significant increase from the last fiscal year’s total of \$6,001.69. However, despite the increase, the Agencies did not meet their goal of spending at least \$2,000.00 a month. We noted in the FY 2003 report (Report No. 2004-01) that IES was concerned about the Agencies’ abilities to spend more than the goal. Because of the concern, the Agencies were given only the re-distributed amount from previous years (\$21,279.05). The County withheld the FY 2004 distributed revenues until the following fiscal year when the FY 2005 proceeds were received from the State.

The Agencies subsequently requested and received funding in the amount of \$55,641.48 for FY 2005, which is the sum of the FY 2004 and 2005 funds received by the County. However, the Agencies’ goal for FY 2005 remains a spending level of at least \$2,000.00 a month (\$24,000.00). In our previous report, we suggested to the Board of County Commissioners that it may consider distributing all or a portion of the excess proceeds to other organizations whose activities fit the definition for use of the specialty license plate funds. The Agencies are currently using more of the authorized funding than in previous years and a new agency has recently been added. Therefore, we will withdraw this recommendation and will instead monitor activities during FY 2005 to determine if we should again make this recommendation in our report of FY 2005 activities.

IES must return \$3,654.00 to the Board, which represents 90% of the unused funds authorized during FY 2004. We anticipate that the Agencies will request this amount to be re-authorized and returned during FY 2005.