



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

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March 20, 2006

The Honorable Jim Payton, 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 2005 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 fourth 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.

As disclosed in Attachment I, the County distributed \$55,641.48 during FY 2005, which was the sum of FY 2004 and 2005 funds received from the State. In addition, IES reported \$1,307.00 of interest and other revenue which resulted in total funds available of \$56,948.48. At September 30, 2005, the total related expenditures were \$26,959.02, which equals 47% of the total funds available. 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 developed and adopted additional local policies and procedures during the year.

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 (\$26,990.93) to the County and will request these funds to be re-authorized for FY 2006. 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 Kathy Fitzhugh and Sachiko Leon, Staff Auditors, under the direction of Wallace Watford, Internal Auditor. We wish to express our appreciation to the representatives of the recipient agencies for their cooperation during our review.

David R. Ellspermann
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Attachments

c: Patrick G. Howard, County Administrator
Gisela R. Salas, 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 2005**

FINDINGS AND RECOMMENDATIONS

The authorized agencies (Agencies) utilizing Choose Life license plate fee funds during FY 2005 were: Interfaith Emergency Services (lead agency), Alpha Center for Women, and Women's Pregnancy Center. St. Maria Goretti Maternity Home and Hands of Mercy Everywhere (HOME) were not active participants and did not use any Choose Life funds. We found that good faith efforts were made by each of the three active agencies to use the funds in an appropriate and best use manner. We believe that adequate internal controls are in place.

The Agencies made improvements to policies and procedures during FY 2005. We commend them for their continued efforts toward best usage of the funds.

Internal Audit had contact with Interfaith Emergency Services (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.

Policies and Procedures

The Agencies adopted formal Policies and Procedures for the use of Choose Life funds early in FY 2005. During the year, additional policies were adopted and others were revised to reflect the needs of the Agencies. The Agencies should be commended for establishing these policies. We encourage them to maintain these policies and establish others as appropriate in order to maintain consistency.

Gift Cards

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 2005 was \$6,420.00 (\$5,300.00 and \$1,120.00 respectively). The Agencies are continuing to require that clients return store receipts from the gift card purchases. At the end of FY 2005, IES had twelve Citgo gift cards on hand. Ten were purchased on 9/30/05 even though there were two on hand. We suggest that IES purchase gift cards only on an as needed basis.

The Agencies review store receipts for inappropriate purchases before submitting them to IES. This year, one agency found two small purchases that were inappropriate and required the client to reimburse Choose Life for the amount of the purchase.

Last year, we found that, due to an unusually high case load, one agency possessed more than the specified two gift cards allowed by policy. We recommended that the Agencies consider revising the formal policies to reflect that an agency with a high case load could request more than two cards. The Agencies agreed and did revise the policy.

Utilization of Funds

CONSOLIDATED AUDIT - CHOOSE LIFE LICENSE PLATE FEES

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, 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 2005 by spending 80% of the total expenditures for primary material needs and 20% for secondary purposes.

Over half of the secondary expenditures were for an adoption seminar conducted in February 2005. The seminar, "Adoption is a Lifetime Experience," attracted representatives from adoption agencies, couples interested in adoption, residents from the HOME agency, and representatives of pregnancy centers. The cost of the seminar was \$2,876.91, of which \$690.00 was collected from participants.

The Agencies also used 23% of primary expenditures for clients in other Florida counties. We appreciate their efforts to find further ways to use the funds for qualified clients within the specifications of the Florida Statute. We encourage that funds be used in Marion County to the extent possible, but we recognize that the Agencies still have excess funding available.

Ms. Traci Trew, Volunteer and Resource Coordinator for IES, was responsible for disbursing Choose Life funds. She replaced Ms. Vicki Victory in the last quarter of the fiscal year. Ms. Trew reviewed the requests for payment from the Agencies by determining if the accompanying documentation was sufficient and if the expenditure was in compliance with Florida Statute. We noted that 44% of primary expenditures were completed within the last 3 days of the fiscal year. While these payments were adequately reviewed, we have a concern that such significant expenditures that must be reviewed in a short amount of time could lead to less scrutiny of expenditures. This influx of requests for payments could also have an impact on the required ratio of 70% of funds being spent for primary needs. IES needs ample time to review requests for payment and to ensure that expenditures will meet the required percentages. We encourage the Agencies to submit future requests for payments in a timely manner to allow for adequate review.

The Agencies should be commended for surpassing their FY 2005 goal of spending \$2,000.00 a month. The Agencies utilized \$26,959.02 of the total funds during FY 2005, which was a significant increase from the last fiscal year's total of \$17,611.15. In FY 2003, because of the concern that Agencies were not able to spend funds, they 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.

In FY 2005, the Agencies subsequently requested and received funding in the amount of \$55,641.48, which is the sum of the FY 2004 and 2005 funds received by the County. IES returned 90% of unused funds from last year but did not request the amount (\$3,653.60) to be re-authorized. For FY 2005, IES must return \$26,990.93 to the Board, which represents 90% of the unused funds authorized. We anticipate that the Agencies will request the unused funds for both years to be re-authorized and returned during FY 2006. Also, each year the County earns interest on the funds from the State until distributed to IES. This interest is earmarked to be used for Choose Life funds. We anticipate that IES will also request these funds (\$437.69) be authorized for Choose Life. These re-authorizations in addition to the amount received from the State for FY 2006 (\$33,463.52) could total \$64,545.74.

CONSOLIDATED AUDIT - CHOOSE LIFE LICENSE PLATE FEES

Summary of funds IES may request:

Funds from State to County FY 2006	\$33,463.52
Unused funds FY 2004	3,653.60
Unused funds FY 2005	26,990.93
<u>Interest Earned (FY 2002- 2005)</u>	<u>437.69</u>
Available for FY 2006	\$64,545.74

Considering the current needs and demands as expressed by the Agencies, this amount may be unrealistic to be fully expended in FY 2006. In our FY 2003 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 the use of the specialty license plate funds. This recommendation was withdrawn the next year as the Agencies used more of the authorized funding than in previous years and a new agency had been added. At the time we stated that we would monitor activities during FY 2005 to determine if we should again make this recommendation. Since the Agencies have made greater usage of the funding during FY 2005, we will again monitor the expenditures during FY 2006 to determine if the Board should consider funding alternatives.