



**Clerk of the Circuit Court  
Board of County Commissioners  
Marion County**



**Internal Audit Division**

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January 6, 2009

The Honorable Jim Payton, Chairman of the Board of County Commissioners

**RE: ANNUAL REVIEW OF AGENCIES RECEIVING CHOOSE LIFE LICENSE PLATE FEES**

The Internal Audit Division has performed a review of expenditures by the agencies which received funds from Marion County during fiscal year ended September 30, 2008 resulting from fee revenues of the Choose Life specialty license plate. The relevant Florida Statutes (FS) governing Choose Life funds are Chapter 320.08056 and 320.08058.

In 2006, we received written guidance from the Inspector General of the Department of Highway Safety and Motor Vehicles (DHSMV) that "each county must implement an attestation form, and establish the extent of recipient agency monitoring and attestation verification work necessary to provide the County Commissioners with assurances that reported financial data is appropriate and accurately reported." We have conducted our review in accordance with this guidance.

This was the seventh reporting year that proceeds from the specialty license plates were distributed by the County. As agreed upon by the Choose Life Board members, the Board of Commissioners formally transferred the responsibility and duties with regards to Choose Life funds to the Women's Pregnancy Center (WPC) in June 2007. The required annual attestation has been prepared and submitted by WPC. We found the report of expenditures to be accurate in all material respects.

As disclosed in Attachment I, the County distributed \$40,240.40 during FY 2008. At September 30, 2008, the total related expenditures were \$48,603.07. Florida Statute 320.08058 (29)(3) requires that "any unused funds that exceed 10 percent of the funds received by an agency during its fiscal year must be returned to the county, which shall distribute them to other qualified agencies." As the attestation submitted by the Agency indicates, all of the funds received in FY2008 were utilized. In addition, the Agency utilized additional funds that had been retained by the Agency in previous years. In accordance with the Florida Statute, the Agency is not required to return funds to the County for FY 2008.

**ANNUAL REVIEW - CHOOSE LIFE LICENSE PLATE FEES**

Marion County is required to submit to the 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 (**Attachment I**), which must have the signature of the Chairman.

This review was conducted by Wallace Watford, Internal Auditor, and Darla Smith, Staff Auditor. We wish to express our appreciation to the representatives of the recipient 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  
John W. Garri, Finance Director  
Debbie Ferguson, Executive Director, Women’s Pregnancy Center

**FINDINGS AND RECOMMENDATIONS - FY 2008**

The Women's Pregnancy Center (WPC) is the lead agency of the Choose Life Resources Committee (Committee) and was the only agency to utilize Choose Life license plate fee funds during FY 2008. Other agencies authorized to use Choose Life funds and members of the Committee are Alpha Center for Women and Interfaith Emergency Services. We found that good faith efforts were made by WPC on behalf of the Committee to use the funds in an appropriate and best use manner. We also found that adequate internal controls are in place. We also noted continued enhancement of Committee record keeping of the financial transactions, including supporting documentation.

Our current year audit activities included reviewing Policies and Procedures and internal controls over distributions of Choose Life Funds, including purchases and usage of gift cards. We also performed a detailed examination of expenditures, as well as calculated interest earned on funds held by the County.

**A. Utilization of Funds**

As disclosed in Attachment I, the Agencies requested and received \$40,240.40 during FY 2008, which was distributed on January 24, 2008. Choose Life funds expended in FY 2008 were \$48,603.07, which represented more than 100% of the funds distributed in FY 2008. Florida Statute 320.08058 (29)(3) specifies that "Any unused funds that exceed 10 percent of the funds received by an agency during its fiscal year must be returned to the county. ..." Since the Committee used all of the funds distributed (plus \$8,362.67 of funds that had been retained in previous years), no funds are required to be returned to the County for FY 2008.

Total expenditures this year were substantially higher than in previous years. We commend the Lead Agency in their increased efforts to seek and assist qualified clients eligible to utilize Choose Life funds. We also noted that the Lead Agency has focused on marketing strategies to increase public awareness of the adoption alternative.

Florida Statute 320.08058 (29)(1) requires that at least 70% of Choose Life funds are to be used to provide for the primary material needs of pregnant women, as well as children awaiting adoption, such as clothing, housing, medical care, food, utilities, transportation and other material needs. 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. During FY 2008, the Agencies met this requirement by spending 73% of the total expenditures for material needs and 27% for secondary purposes.

Marion County is presently holding funds available for Choose Life purposes (see Summary below). These funds include FY2008-09 funds from the State and accumulated interest earned by County. The Agencies may choose to request a portion or all of the available funds.

## ANNUAL REVIEW - CHOOSE LIFE LICENSE PLATE FEES

### **Summary of funds available for distribution at 9/30/2008:**

Funds Available at 9/30/07	\$69,091.41
Funds Returned by Choose Life to County for FY2007	7,240.33
Funds Distributed by County to Choose Life in FY 2008	(40,240.40)
Funds from State to County (State FY 2008-09)	29,841.92
Interest Earned by County (10/1/07 to 9/30/08)	<u>1,272.37</u>
<b>Total Available Funds at 9/30/2008</b>	<b><u>\$67,205.63</u></b>

### **B. Policies and Procedures**

On January 22, 2008, the Choose Life Resources Committee appeared before the Board of County Commissioners to request approval to use Choose Life funds for expenses of expectant mothers who plan to place the child for adoption and who have no nexus to Marion County other than being a client of a qualified agency. The Committee assured the BCC that maintaining available funds for citizens of Marion County was their first priority and that monies would be spent outside of Marion County only at the end of the fiscal year. The BCC approved the request and declared a public purpose to utilize Choose Life funds outside of Marion County for a two year period subject to further review at the end of that time. See **Attachment II** for excerpts of the BCC minutes. (BCC formally approved the final form of the Committee's "Policy Statements" on October 7, 2008.)

### **C. Gift Cards**

The Committee has utilized gift cards from its inception. The gift cards are used to provide material needs of food, clothing and transportation expenses. Gift cards are purchased periodically over the year and are controlled when distributed to an agency and when thereafter given to a client. The client must sign an acknowledgment form which identifies the approved uses and that the client must provide an original receipt to the agency within 10 days after purchase. The client is not eligible for future gift cards if the receipt is not provided.

We reviewed the internal controls over purchases, distributions and usages of gift cards. This included a detailed review of receipts collected based on documents provided by the Committee. We understand that it can be difficult to obtain receipts from some clients and that a few of the cards were issued at end of fiscal year and receipts may not have yet been available. Our review found no receipts for only 9% of the distributed WalMart cards as compared to 37% in FY2007. We found no receipts for 10% of the distributed BP cards as compared to 37% in FY2007. We found no receipts for 4% of Winn Dixie cards distributed. These card purchases are new this year so there is no comparison to previous years.

In FY2007, we recommended the Agencies better enforce their policies on gift card distributions in order to maintain better internal control on client expenditures. We noted that there have been significant improvements and the gift cards are controlled from purchase through issuance to clients. The submitted client receipts appeared to be reviewed to verify the usage was for only proper purposes. We further noted that the most noticeable improvements were after our last report was issued. We commend the Committee, and particularly the bookkeeper, for such improvement in accountability and reporting. We recommend that the Committee continue its efforts to enhance the controls over gift cards and to strive for a higher rate of client compliance with receipt submittals.

**D. Other Significant Events**

In FY 2007, the Choose Life Resource Committee established criteria to clarify what constitutes an Agency within Marion County to be eligible to receive Choose Life funds. These criteria were presented to BCC on September 4, 2007. The proposed criteria became an issue concerning the eligibility of Little Angels Choose Life, Inc., whose principle location is outside of Marion County, to be an authorized member of the Choose Life Resources Committee. BCC requested the Clerk of the Circuit Court to provide assistance in this matter. Internal Audit researched this issue and determined that Little Angels Choose Life, Inc is eligible for Choose Life funds as a member of the Committee. This matter was subsequently presented to the BCC and the Committee.

On October 7, 2008 the Committee presented its final version of its "Policy Statements" for BCC approval. At that time, the Committee also requested that BCC disapprove of Little Angels Choose Life, Inc as a qualified agency in Marion County. In addition, there has been no communication from Little Angels as to whether they were still interested in becoming a member of the Committee. The BCC took no action on this point, but requested that the Committee and Internal Auditor contact Little Angels to see if they are still interested in becoming a member and to report back to them so that this matter can be resolved. The Internal Auditor promptly sent an email, then a letter to Little Angels on this matter; at present there has been no response.

We were informed earlier in the year of an incident perpetrated by a client, who fraudulently obtained Choose Life funds. This client was referred to WPC by Little Angels Choose Life and was later determined not to be pregnant. Marion County Choose Life funds in the amount of \$1,594.53 were expended before it was discovered that the client had facilitated a falsified pregnancy test. The client was arrested, charged with organized fraud and pled guilty. She has been placed on probation for 36 months and is required to make restitution. Any monies collected during probation will be remitted to the Committee. We suggest the Committee be alert to the end of probation. If Choose Life does not receive full restitution payments by three months before her probation expires, the Committee should follow up with the Department of Corrections to determine collection status. The Committee then may have to decide what legal options are available to collect any unpaid amount.