

AUDITOR GENERAL

STATE OF FLORIDA



ANNUAL REPORT

NOVEMBER 1, 2013 through OCTOBER 31, 2014

LEGISLATIVE AUDITING COMMITTEE
2012 – 2014



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December 1, 2014

The Honorable Andy Gardiner
President of the Senate
409 The Capitol
Tallahassee, Florida 32399-1100

The Honorable Steve Crisafulli
Speaker of the House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1300

Dear President Gardiner and Speaker Crisafulli:

This Annual Report provides a summary of the audits and other accountability activities performed by our Office during the 12-month period November 1, 2013, through October 31, 2014. The audits and other accountability activities summarized in this report include the assignments made to our Office both in law and by legislative directive. During this reporting period, we issued 207 audit reports including 88 financial audits, 96 operational audits, and 23 attestation engagements.

Pursuant to Section 11.45(7)(h), Florida Statutes, this Annual Report includes recommended statutory changes for consideration by the Legislature and our Projected Two-Year Work Plan identifying the audit and accountability activities expected to be undertaken during the 2015-16 and 2016-17 fiscal years. The Projected Two-Year Work Plan is a risk-based plan meeting the audit frequency requirements in law and incorporating information obtained from the Legislature and other sources concerning areas of interest and operational risks.

Please let us know if you have any questions regarding the contents of this Annual Report or if we can be of any additional assistance to you in your service to the citizens of Florida.

Respectfully,

A handwritten signature in blue ink that reads "David W. Martin".

David W. Martin

c: Members of the House and Senate
Chiefs of Staff
Committee Directors

ANNUAL REPORT

November 1, 2013, through October 31, 2014

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The Auditor General is:

- ◆ *A Constitutional Officer*
- ◆ *A Legislative Officer*
- ◆ *A Certified Public Accountant*
- ◆ *The State's Independent External Auditor*



Mission

Pursuant to Article III, Section 2 of the State Constitution and Section 11.42, Florida Statutes, the ***Auditor General*** is appointed by a majority vote of the members of the Legislative Auditing Committee, subject to confirmation by both houses of the Legislature. As the State's independent auditor, the Auditor General provides unbiased, timely, and relevant information that the Legislature, Florida's citizens, public entity management, and other stakeholders can use to promote government accountability and stewardship and improve government operations. Specifically, the Auditor General:

- Audits financial statements to provide the Legislature and other users of financial statements independent assurance of the reliability of the financial statement information provided by government managers.
- Identifies and audits those operating units, programs, activities, functions, and transactions considered most vulnerable should a significant breakdown in internal control occur.
- Communicates, by an on-site presence and through examination, the Legislature's expectation that public entity management and employees are accountable for the proper administration of public funds and the achievement of entity objectives.
- Reports on whether expenditures of Federal, State, and local funds serve a public purpose and are made in compliance with applicable laws, rules, regulations, contracts, grant agreements, best practices, and other guidelines and whether government programs, activities, and functions are administered in an economic, efficient, and effective manner.
- Reports on whether governmental entities have established proper internal controls that reasonably ensure that financial reports and records are reliable; assets are safeguarded; and fraud, waste, abuse, and noncompliance are prevented and detected.

Statutory Responsibilities

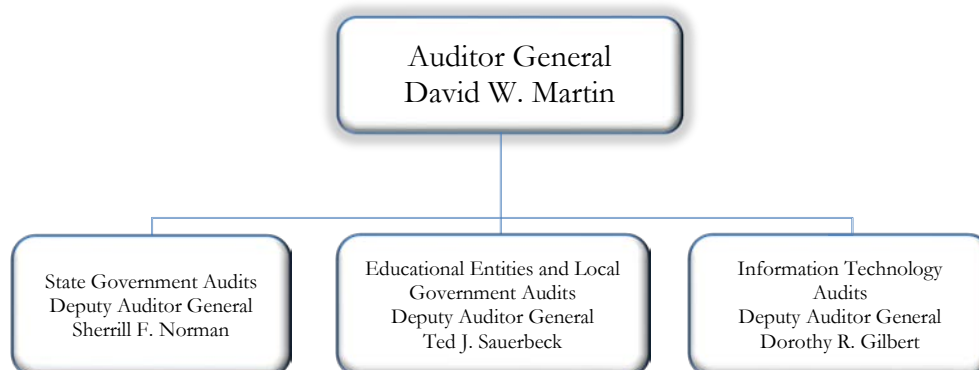
Sections 11.42 through 11.45, Florida Statutes, set forth the general authority and duties of the Auditor General. Independently, and in accordance with applicable professional standards, the Auditor General:

- Conducts financial audits of the accounts and records of State government, State universities, State colleges, and school districts.

- Conducts operational and performance audits of public programs, activities, and functions and information technology systems and performs related duties as prescribed by law, concurrent resolution of the Legislature, or as directed by the Legislative Auditing Committee.
- Adopts rules, in consultation with the Florida Board of Accountancy, for audits performed by independent certified public accountants of local governmental entities, charter schools, charter technical career centers, school districts, and certain nonprofit and for-profit organizations.
- Conducts reviews of audit reports of local governmental entities, charter schools, charter technical career centers, school districts, and certain nonprofit and for-profit organizations.
- Conducts examinations of school districts' and other entities' records, as appropriate, to evaluate compliance with State requirements governing the determination and reporting of full-time equivalent (FTE) student counts reported to the Department of Education and used to determine Florida Education Finance Program FTE Students and Student Transportation funding allocations.
- Conducts quality assessment reviews of the internal audits performed by State agency offices of inspectors general.

Organizational Structure

The organizational structure of the Auditor General's Office consists of three divisions: the State Government Audits Division, the Educational Entities and Local Government Audits Division, and the Information Technology Audits Division. Each Division is led by a Deputy Auditor General. Management and staff of the organizational units work in coordination to meet the Auditor General's goals and objectives. Contact information for the Auditor General, each Deputy Auditor General, and other Auditor General management with reporting responsibilities is included as Exhibit D.



Standards and Core Values

The Auditor General performs audits and other engagements in accordance with generally accepted government auditing standards as set forth by the Comptroller General of the United States in *Government Auditing Standards*. *Government Auditing Standards* are applicable to financial and performance audits and attestation engagements and incorporate applicable auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA). *Government Auditing Standards* require that, in all matters relating to audit work, the Auditor General and each individual auditor must maintain

independence and avoid situations that could lead reasonable and informed persons to conclude that the auditors are not independent. Our independence and core values, along with the collective knowledge and skills of our staff, provide the basis for our credibility.

The Auditor General’s organizational core values are:

Integrity – Commitment to ethical conduct and truthfulness in all relationships.

Accountability – Holding ourselves accountable and being responsible for our actions, taking pride in our professionalism, striving for efficiency in our performance, and committing to the highest performance standards.

Objectivity – Being mindful of the reliance that is placed on our work and, therefore, taking a fact-based, nonpartisan, unbiased, fair, and balanced approach to all activities.

Government Auditing Standards require us to undergo an independent review of our system of quality control at least once every three years. In October 2013, a team from the National State Auditors Association completed such a review. The team issued an unmodified (clean) opinion on our system of quality control, which means that the Auditor General’s system of quality control in effect for the period September 1, 2012, through August 31, 2013, provided reasonable assurance that our Office’s work conformed with *Government Auditing Standards*. The peer review team’s report is available on our Web site. Our next external peer review will be conducted in the Fall of 2016.

Strategic Goals and Objectives

In recognition of our statutory duties and mission and within the framework of our core values, our work is planned and managed to address strategic objectives established to assist us in accomplishing the following two primary goals:

- Our **Professional Services Goal** is to provide timely, quality information to the Legislature and Florida’s citizens relative to the financial accountability and stewardship of public officials. This goal encompasses multiple services directed toward financial reporting, legal compliance, and government operations.

Auditor General Strategic Objectives

- Objective 1** Improve the operations and accountability of public entities.
- Objective 2** Identify and audit essential government topics of specific interest to the Legislature.
- Objective 3** Conduct audits and other engagements (examinations and other attestations) in accordance with applicable professional auditing standards.
- Objective 4** Conduct all engagements in a timely and cost-efficient manner.
- Objective 5** Recruit and retain highly qualified, highly skilled staff.
- Objective 6** Provide staff with an organizational environment and professional opportunities that promote job satisfaction.
- Objective 7** Provide staff with the training, opportunities, technology, and encouragement needed to enhance professional competencies and effectively and efficiently complete audits and other assignments.
- Objective 8** Continue to build on the Auditor General’s reputation as a leader in the auditing and government financial reporting communities.

- Our **Professional Development Goal** is to maximize the value of the Auditor General's work by continuing to promote quality, professionalism, and productivity. The Auditor General encourages all staff to pursue professional certifications and requires that all management staff with responsibilities for audits or attestations hold applicable certifications, such as certified public accountant (CPA) or, when appropriate, certified information systems auditor (CISA). Approximately 71 percent of our professional staff hold professional licenses or certifications.

Reports and Findings

Our audits and other accountability activities focus on executive branch (State) agencies, judicial branch entities, educational entities, local governmental entities, and certain other organizations. A listing of all reports released during the period November 1, 2013, through October 31, 2014, is included as Exhibit A. An overview of our audits and other accountability activities completed during the period November 1, 2013, through October 31, 2014, begins on page 14 of this Annual Report. Copies of audit and other reports are available at www.myflorida.com/audgen/ and are distributed as appropriate and upon request to:

- Legislative members and staff
- Governing boards and management of governmental entities
- Federal Government officials
- Bond rating agencies
- Florida's citizens
- Media
- Other interested parties

Various provisions of Florida law require the Auditor General to conduct audits, examinations, or reviews of government programs, activities, and functions and report the results thereof to the President of the Senate, the Speaker of the House of Representatives, the Legislative Auditing Committee, senior management of the audited entity, and, as applicable, Federal grantor agencies. These reports have been provided as required by law, and many include findings and recommendations focusing on the need for management actions to improve the audited entities' level of legal compliance and internal controls relevant to legal compliance, economy and efficiency, financial reporting and records, and the safeguarding of assets. In addition, Section 11.45(7)(h), Florida Statutes, provides in part that the Auditor General shall annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee by December 1 of each year a list of statutory and fiscal changes recommended by the Auditor General.



Recommended Statutory and Fiscal Changes

The following recommended statutory and fiscal changes are provided to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee for consideration. These recommendations either were included in our audit reports during the last two audit cycles or arose during the course of performing the duties assigned to the Auditor General. The recommendations are presented by policy area to facilitate their use by the various legislative committees. Auditor General staff are available to brief legislative members and staff on these recommendations. Contact information for the management staff referenced below is provided as Exhibit D.

POLICY AREAS: SENATE EDUCATION; HOUSE EDUCATION

- **Florida Virtual School** – The Legislature should consider revising Section 1002.37, Florida Statutes, to clarify applicability of the State Board of Education rules to the Florida Virtual School.

Audit Report Number: 2014-090

Audit Director: Gregory L. Centers, CPA

- **Florida Virtual School** – The Legislature should consider amending Section 1002.37, Florida Statutes, to specify the time frame for submittal of the Florida Virtual School's annual financial audit report.

Audit Director: Gregory L. Centers, CPA

- **Virtual Instruction Programs** – The Legislature should consider clarifying the intent of Section 1002.45(3)(d), Florida Statutes, as it relates to providing computing resources to virtual instruction program students.

The Legislature should also consider amending Section 1002.45(2)(a)3., Florida Statutes, to clarify the intended purposes of the virtual instruction program private providers' Florida administrative offices and establish applicable minimum requirements for the offices' operations.

Audit Report Number: 2013-094

Audit Manager: Arthur B. Hart, CPA

- **Florida Education Finance Program** – The Legislature should consider amending Section 1011.61(1)(a)2., Florida Statutes, to define “double-session school” and clarify the intended purpose of holding two sessions per day at one school location for full-time equivalent (FTE) reporting (e.g., for situations involving natural disaster or other unforeseen circumstances and only for a limited time vs. double-session as part of the school’s model). The use of “double-session school” may also impact the number of hours of instruction and funding provided. Pursuant to statute, instruction in a standard school is composed of not less than 900 net hours for a student in or at the grade level of 4 through 12 or not less than 720 net hours for a student in or at the grade level of kindergarten through grade 3 or in an authorized prekindergarten exceptional program. Instruction in a double-session school or at a school utilizing an experimental school calendar approved by the Department of Education is composed of not less than the equivalent of 810 net hours in grades 4 through 12 or not less than 630 net hours in kindergarten through grade 3.

Audit Manager: J. David Hughes, CPA

POLICY AREAS: SENATE GOVERNMENTAL OVERSIGHT AND ACCOUNTABILITY; HOUSE STATE AFFAIRS

- **Florida Single Audit Act** – The Legislature should consider amending Section 215.97, Florida Statutes, to require each non-State entity that expends a total amount of State financial assistance equal to or in excess of \$750,000 in any fiscal year of such non-State entity to provide for a State single audit, or a project-specific audit, for such fiscal year. This would increase the threshold from \$500,000 to \$750,000 consistent with the recent threshold change made for Federal single audits.

Audit Manager: Marilyn D. Rosetti, CPA

POLICY AREAS: SENATE HEALTH POLICY; HOUSE HEALTH AND HUMAN SERVICES

- **Public Assistance Eligibility Determination Processes** – The Legislature should consider requiring the Department of Children and Families, with the cooperation of other agencies of State government, to conduct a study of the feasibility and cost-effectiveness of the centralization and consolidation of the public assistance application and eligibility determination processes.

Audit Report Number: 2013-133

Audit Manager: Lisa A. Norman, CPA

POLICY AREAS: SENATE COMMUNITY AFFAIRS; HOUSE LOCAL AND FEDERAL AFFAIRS

- **Community Development Districts** – The Legislature should consider amending Chapter 190, Florida Statutes, to establish parameters addressing the amount of bonds a community development district (CDD) may issue and oversight responsibility for CDD bond issuances.

Audit Report Number: 2015-036

Audit Manager: Marilyn D. Rosetti, CPA

- **Community Redevelopment Agencies** – The Legislature should consider the following revisions to Chapter 163, Florida Statutes:
- Amend Chapter 163, Florida Statutes, to require county approval for the adoption and amendment of all municipal community redevelopment agency (CRA) plans.
 - Repeal Section 163.362(11), Florida Statutes, to impose the same requirements as to the contents of CRA plans on all CRAs.
 - Amend Section 163.387(6), Florida Statutes, to be more specific as to the types of expenditures that qualify as undertakings of a CRA, particularly with respect to promotional activities.
 - Amend Section 163.387(7), Florida Statutes, to provide the CRAs with the ability to establish reserves for mitigating current and future risks and to exempt the reserves from the ending balance disposition requirements.
 - Amend Section 163.387(8), Florida Statutes, to require that the audit of the CRA trust fund include a determination of compliance with Sections 163.387(6) and 163.387(7), Florida Statutes.

Audit Report Number: 2015-037

Audit Manager: Marilyn D. Rosetti, CPA

- **Local Governments** – The Legislature should consider the following statutory recommendations relating to local governments:
- Enact a law that requires local governments to adopt a minimum general fund unrestricted fund balance policy or to maintain a certain level of general fund unrestricted fund balance.
 - Amend the budget transparency laws to specify time periods for the tentative budget, final budget, and budget amendments to remain on a local government’s Web site.
 - Amend Section 11.45(7)(i), Florida Statutes, to require notification of the President of the Senate, the Speaker of the House of Representatives, and the Department of Financial Services of all local governments that fail to comply with transparency requirements.
 - Amend Section 218.391, Florida Statutes, to specify the composition of the audit committee for local governments other than noncharter counties and to require local governments to perform auditor selection procedures at specified intervals.
 - Establish provisions in law to encourage local governments to comply with the auditor selection procedures in Section 218.391, Florida Statutes.
 - Revise the definition of “governmental unit” in Section 274.01, Florida Statutes, to include all “local governmental entities” as that term is defined in Section 218.31, Florida Statutes.

Audit Report Number: 2015-037

Audit Manager: Marilyn D. Rosetti, CPA

- **Local Government Bond Issues** – The Legislature should consider the following revisions to Chapter 218, Florida Statutes:
- Repeal Section 218.37(1)(f), Florida Statutes, to no longer require the State Board of Administration, Division of Bond Finance, to issue a newsletter.
 - Amend Sections 218.38 and 218.385, Florida Statutes, to require local governments to document the conditions favoring a negotiated or private placement sale and provide such documentation to the State Board of Administration, Division of Bond Finance.
 - Amend Section 218.385, Florida Statutes, to require local governments to select financial advisors and bond counsel using a competitive selection process whereby requests for proposals or quotes are solicited from a reasonable number of professionals and, for negotiated bond issues, to use requests for proposals to solicit qualified underwriting firms to serve as the underwriter.
 - Amend Section 218.385(1), Florida Statutes, to require local governments to use a financial advisor that is independent of the underwriter or to otherwise demonstrate that the local governments have staff with sufficient expertise to act in a financial advisor capacity.

Audit Report Number: 2015-037

Audit Manager: Marilyn D. Rosetti, CPA

- **Special Districts** – The Legislature should consider revising Chapter 189, Florida Statutes, to provide the Department of Economic Opportunity the authority to determine whether an entity is a special district.

Audit Report Number: 2015-037

Audit Manager: Marilyn D. Rosetti, CPA

POLICY AREAS: SENATE COMMUNITY AFFAIRS; HOUSE FINANCE AND TAX; HOUSE LOCAL AND FEDERAL AFFAIRS

- **Value Adjustment Boards** – The Legislature should consider: (1) requiring that rules of conduct or ethical codes, with appropriate sanctions, be established for Value Adjustment Board (VAB) members and staff, VAB clerks, VAB attorneys, and special magistrates in their respective roles in the appeal process; (2) creating an appeal process at the regional or State level; and (3) requiring that VABs be composed of individuals, the majority of whom are not county government or school board officials. In doing so, the Legislature should consider other recommendations in our report No. 2014-194 and the extent to which those recommendations are adopted by the Legislature, the Department of Revenue, and the VABs.

The Legislature should consider revising Section 194.035, Florida Statutes, to clarify whether special magistrates may serve on multiple VABs and to provide for consideration of specific prior work performance factors when selecting special magistrates.

Audit Report Number: 2014-194

Audit Manager: Marilyn D. Rosetti, CPA

POLICY AREAS: SENATE JUDICIARY; HOUSE JUDICIARY

- **Judicial Agencies** – The Legislature should consider requiring the Justice Administrative Commission and the agencies it administratively supports to jointly employ an internal auditor or provide for internal audit services by interagency agreement with a State agency. An internal auditor should have the same qualifications and perform the applicable duties of State agency directors of auditing, as provided in Section 20.055, Florida Statutes.

Audit Manager: Marilyn D. Rosetti, CPA

POLICY AREAS: SENATE GOVERNMENTAL OVERSIGHT AND ACCOUNTABILITY; SENATE COMMUNITY AFFAIRS; SENATE JUDICIARY; HOUSE STATE AFFAIRS; HOUSE LOCAL AND FEDERAL AFFAIRS; HOUSE JUDICIARY

- **Internal Controls** – The Legislature should consider amending applicable Florida Statutes to establish in law the responsibility of each State and local government for the establishment and maintenance of internal controls designed to prevent and detect fraud, waste, and abuse, and to promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; economic and efficient operations; reliability of financial records and reports; and safeguarding of assets.

Deputy Auditor Generals: Sherrill F. Norman, CPA; Ted J. Sauerbeck, CPA

Types of Engagements

Various statutory provisions provide the framework for the development of our work plan. Pursuant to law, we perform three major types of audits – financial, operational, and attestation examination engagements. When specifically directed by law, we also perform performance audits. Descriptions of these major types of engagements are presented below:



Financial Audits. Government managers are responsible for the stewardship of financial resources and preparing financial statements that conform to accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Our audits of the various entities' financial statements provide the Legislature, Florida's citizens, investors, bond rating agencies, and other users of the financial statements independent assurance of the reliability of the financial statement information provided by government managers. Such independent assurance is given in the form of an opinion on the financial statements and is preceded by the performance of a rigorous examination of the entity's financial records and related representations made by government officials. The nature, timing, and extent of the work performed are governed by professional standards issued by the AICPA and the Comptroller General of the United States in *Government Auditing Standards*. Under those standards, consideration of information technology internal controls is often an essential and significant part of the financial audit process because public entity operations and business processes are usually dependent on information technology.

Financial audits may include audit procedures to evaluate the entity's compliance with requirements that could have a direct and material effect on each major Federal awards program and the effectiveness of internal controls established by management to consistently ensure compliance therewith. That is because, as a condition of receiving Federal funds, the United States Office of Management and Budget (OMB) requires a Single Audit of the recipient's financial statements and major Federal awards programs. The audit is referred to as a Single Audit because it is an organizationwide audit that includes, within its scope, work designed to meet the oversight needs of many Federal and pass-through grantors and State accountability officials. The Single Audit is performed in accordance with audit requirements cited in OMB Circular A-133, as well as applicable professional standards issued by the AICPA and *Government Auditing Standards*.

Operational Audits. Operational audits evaluate management's performance in establishing and maintaining internal controls, including internal controls designed to prevent and detect fraud, waste, abuse, and noncompliance, and in administering assigned responsibilities in accordance with applicable laws, rules, contracts, grant agreements, and other guidelines. Operational audits examine internal controls, including information technology internal controls, that are designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of financial records and reports, and safeguarding of assets, and identify weaknesses in those internal controls. Operational audits may also include comparisons of the performance of a program, activity, or function of a governmental entity to

specific criteria. Our operational audits include a broad array of operational areas and are conducted in accordance with applicable *Government Auditing Standards*. The areas of operations included within the scope of operational audits are determined through risk assessment processes that, among other procedures, include inquiries of legislative staff concerning areas of concern and interest to the Legislature.

Performance Audits. Performance audits examine a program, activity, or function of a governmental entity with respect to issues such as economy, efficiency, and effectiveness of a program; the adequacy of a program to meet the needs identified by the Legislature or governing body; alternative methods of providing program services or products; the accuracy or adequacy of public documents, reports, or requests prepared under a program by the public entity; and compliance of a program with appropriate policies, rules, or laws. Performance audits are conducted in accordance with applicable *Government Auditing Standards*.

Attestation Examinations. Attestation examinations consist of obtaining sufficient, appropriate evidence to express an opinion on whether the subject matter of the examination is based on (or in conformity with) specified criteria in all material respects or an assertion is presented, in all material respects, based on the specified criteria. Examination engagements are conducted in accordance with the Standards for Attestation Engagements issued by the AICPA and applicable *Government Auditing Standards*. Our evaluations of school district and other entities' compliance with State requirements governing the determination and reporting of full-time equivalent students under the Florida Education Finance Program and the number of students transported are attestation examination engagements.

Work Plan Development Process

Initially, in the development of our work plan, we consider legal requirements establishing the frequency of the audits and other accountability activities. Pursuant to law, we are to conduct annual financial audits of the State of Florida, the State Board of Administration Local Government Surplus Funds Trust Fund, State universities, State colleges, and school districts in counties with populations of less than 150,000. We are to conduct financial audits of school districts in counties with populations of 150,000 or more every 3 years. At the direction of the Legislative Auditing Committee, we also conduct a financial audit of the Department of the Lottery.

For various other audits and accountability activities, a minimum frequency is also established in law. For example, operational audits of each State agency, State university, State college, school district, and water management district, the Florida Clerks of Court Operations Corporation, and the Florida School for the Deaf and the Blind are required to be conducted at least once every 3 years. In planning for these audits, we obtain information from the Legislature and other sources concerning areas of interest and operational risks. Operational risks are characteristics of government operations that may make a government program more susceptible to instances of fraud, waste, abuse, material reporting errors, or noncompliance with governing requirements. This information is used to develop a risk-based plan that provides audit coverage of each entity during the three-year cycle.

2014-15 Work Plan

Our 2014-15 Work Plan encompassed a wide variety of programs, activities, and functions administered by many entities. Some of the unique projects on our 2014-15 Work Plan included operational audits of iBudget Florida at the Agency for Persons with Disabilities, the Division of Public Assistance Fraud at the Department of Financial Services, Voting System Standards and Certification at the Department of State, the Firearm Purchase Program at the Department of Law Enforcement, the Cities of Hampton and Starke, the Florida Virtual School, and County Value Adjustment Boards and the Department of Revenue's Oversight Thereof. An overview of our audits and other accountability activities completed during the period November 1, 2013, through October 31, 2014, begins on page 14 of this Annual Report. A listing of all reports released during the period November 1, 2013, through October 31, 2014, is included as Exhibit A. Additionally, a listing of reports released or scheduled to be released subsequent to October 31, 2014, and before March 31, 2015, is included as Exhibit B.

Projected Two-Year Work Plan for 2015-16 and 2016-17

Section 11.45(7)(h), Florida Statutes, provides, in part, that the Auditor General shall transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee by December 1 of each year a projected two-year work plan identifying the audits and other accountability activities to be undertaken by the Auditor General. Our Projected Two-Year Work Plan encompassing the work planned for the 2015-16 and 2016-17 fiscal years is included as Exhibit C. As appropriate, modifications to the work plan may be made in response to law changes, legislative requests, and other considerations.

Accounting and Financial Reporting Changes Impacting Our Work Plan

In June 2012, GASB issued two new standards that substantially changed the accounting and financial reporting of public employee pension plans and the state and local governments that participate in such plans. GASB Statement No. 67, *Financial Reporting for Pension Plans*, effective for financial statement periods beginning after June 15, 2013, revised existing guidance for the financial reports of most governmental pension plans. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for financial statement periods beginning after June 15, 2014, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. The State's implementation of these GASB statements necessitated the development of a revised strategy, procedures, and methodology for auditing the accounts, records, required reports, and disclosures of the Florida Retirement System (FRS) pension plan and other State-administered retirement systems.

The State of Florida's Comprehensive Annual Financial Report includes the activities of the FRS pension plan and other State-administered retirement systems and provides required note disclosures. However,

GASB Statement No. 68 requires each of the participating employers¹ to report its proportionate share of the collective FRS net pension liability and pension expense. To facilitate the required reporting, and in accordance with AICPA recommendations, the Division of Retirement will prepare a separate schedule of pension amounts by employer for the fiscal year ended June 30, 2014, and we will report on the schedule. In addition, we will provide a separate auditor's report on the FRS pension plan and other State-administered retirement systems financial statements and required note disclosures prepared by the Division of Retirement.

¹ As of June 30, 2014, the FRS had in excess of 1,100 participating public employers.

State Government

State Government Audit Impact Measures

Total asset values upon which financial statement opinions were rendered	\$365.9 billion
Total revenues upon which financial statement opinions were rendered	\$157.1 billion
Total Federal awards expenditures for major programs audited (1)	\$32.9 billion
Total American Recovery and Reinvestment Act Federal award expenditures audited (1)	\$589 million
Total number of major Federal programs audited (1)	39
Number of audit reports released	
Financial	2
Financial and Federal Awards	1
Operational (2)	<u>20</u>
Total number of audit reports released	<u>23</u>
Number of audit findings	176
Number of findings identifying opportunities for cost recovery, savings, or loss avoidance	47
Total amount identified for cost recovery, savings, or loss avoidance	\$56.3 million

(1) *Includes Federal awards expenditures and major Federal programs of State universities and State colleges.*

(2) *Excludes Information Technology Operational Audits discussed later in this Annual Report under the subheading Information Technology.*

Financial Statements. Pursuant to Section 11.45(2)(b), Florida Statutes, and the Federal Single Audit Act, the Auditor General is responsible for the audit of the State of Florida’s financial statements, including consideration of compliance with laws of potential material impact on the financial statements. We found that the financial statements for the fiscal year ended June 30, 2013, were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our independent auditor’s report on the financial statements is addressed to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee and was published by the Chief Financial Officer in the State of Florida’s *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013*.

Our report on the audit of the State’s financial statements included ten findings involving internal control over financial reporting, including five significant deficiencies² at three State agencies. The significant deficiencies pertained to internal controls relevant to the completeness, accuracy, or classification of receivables, deferred revenues, revenues, pension contributions, expenditures, net position, and enterprise fund financial activity. Our report on internal controls over financial reporting is included in our report titled **State of Florida –**

Compliance and Internal Controls over Financial Reporting and Federal Awards (report No. 2014-173).

Separate from our audit of the State of Florida’s financial statements, we conducted audits of the financial statements of the **Department of the Lottery (Lottery)** and the **State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME)**. In both

² A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

audits, we found that the respective financial statements were fairly presented in accordance with generally accepted accounting principles.

For the Lottery, we also examined internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We found that the Lottery maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013, based on the established criteria. In our report, we also noted two findings involving the need for enhancements to the Lottery's information technology (IT) internal control practices in several areas, and the need for the Lottery to continue its efforts to comply with all statutory requirements governing minority retailer participation by minority type.

We reported one finding in our audit of Florida PRIME that, contrary to the SBA's policies and procedures, the SBA approved a change to a participant's wire transfer instructions in the wire transfer system without obtaining a properly completed Participant Account Maintenance Form.

Federal Awards. The Single Audit of the State of Florida includes State agencies, State universities, State colleges, judicial branch entities, and various other government entities for which the State is financially accountable. State agencies, State universities, and State colleges administered approximately 620 Federal awards programs or program clusters. The Federal Single Audit Act mandates that the auditor evaluate compliance with requirements applicable to each major program and the effectiveness of internal controls established by management to consistently ensure compliance. The results of our Single Audit of the State of Florida for the fiscal year ended June 30, 2013, are described in report No. 2014-173.

We audited the State's compliance with governing requirements for the 39 Federal awards programs or program clusters that we identified as major Federal awards programs for the fiscal year ended June 30, 2013. Expenditures for these major programs comprised approximately 95 percent of the \$34.6 billion in total Federal awards expenditures reported by the State for the fiscal year ended June 30, 2013. Our Federal awards audit findings are tabulated by audit area in Table 1 and briefly summarized in the following paragraphs.

We found that State agencies, State universities, and State colleges materially complied with requirements governing major Federal awards programs, except with respect to compliance with certain requirements for five programs administered by State agencies for which we qualified our opinions. For the following programs, we found that the applicable State agencies did not comply with requirements applicable to the programs:

Overview of Audit and Accountability Activities

- Career and Technical Education – Basic Grants to States Program
- Rehabilitation Services – Vocational Rehabilitation Grants to States
- Special Education Cluster
- Temporary Assistance for Needy Families

We also qualified our opinion with respect to compliance with certain requirements for the Supplemental Nutrition Assistance Program Cluster because the applicable State agency could not provide the information needed to demonstrate compliance.

Additionally, we reported material weaknesses in internal control over compliance³ for the following three programs:

- Medicaid Cluster
- Rehabilitation Services – Vocational Rehabilitation Grants to States
- Temporary Assistance for Needy Families

Other instances of noncompliance and internal control deficiencies were found at 13 State agencies, 7 State universities, and 15 State colleges. Some of the instances of noncompliance resulted in audit determinations of questioned costs. Questioned costs include costs of goods or services charged to one or more Federal awards programs that are not allowed under the applicable grant terms, not clearly supporting the program’s purposes, not documented in the manner prescribed by applicable Federal cost principles or State policies, or not incurred during the grant period. Such costs are subject to adjustment or disallowance by Federal grantor officials.

Table 1
Tabulation of Federal Awards
Audit Findings by Audit Area

Audit Area	Number of Findings	Number of State Agencies	Number of State Universities and State Colleges
Cash Management	2	2	-
Electronic Benefit Transfer Administration	1	1	N/A
Eligibility and Claims Payments	6	4	-
Expenditures and Supporting Documentation	7	2	2
Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting	6	5	N/A
Information Technology Internal Controls	7	5	13
Matching, Level of Effort, and Earmarking	3	1	-
Medicaid Program Administration	4	1	N/A
Noncompliance with Statutory Requirements	2	1	-
Payroll Charges and Personnel Records	4	2	-
Record Systems and Reporting	2	1	-
Statewide Cost Allocation Plan	2	4	N/A
Student Financial Aid Administration	18	N/A	13
Subawards and Monitoring	6	4	-

³ A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis.

Overview of Audit and Accountability Activities

Operational Audits. During the period November 1, 2013, through October 31, 2014, we released 20 operational audit reports on State governmental entities. Our reports addressed a broad array of programs, activities, and functions including: internal management, financial, and operational controls and processes; the implementation of iBudget Florida by the Agency for Persons with Disabilities; selected activities of the Department of Financial Services, Division of Public Assistance Fraud; the implementation of the Statewide Medicaid Managed Care Program by the Agency for Health Care Administration; the payroll and personnel administrative infrastructure of certain State agencies; selected contract and grant management processes at certain State agencies; the administration of class size reduction requirements by the Department of Education; primary governmental entity data centers' compliance with applicable laws, rules, and guidelines for capturing costs, billing customers, and establishing cost-recovery methodologies; State budgetary processes for State agencies, as administered by the Executive Office of the Governor, Office of Policy and Budget; disaster resource management and equipment subgrants of the Division of Emergency Management; the administration of the Firearm Purchase Program by the Department of Law Enforcement; the activities of the Department of State related to the State's voting system standards and certification; and management of the Beach Erosion Control Program by the Department of Environmental Protection.

Many of our operational audit findings pertained to weaknesses in internal controls. Internal controls are those processes put in place by agency management to prevent and detect fraud, waste, abuse, and noncompliance, and to provide reasonable assurance that financial reports are reliable, operations are economical and efficient, applicable laws are followed, and assets are safeguarded against loss. In short, effective internal controls prevent adverse events from happening and detect them when they do. Our operational audit findings are tabulated by audit area in Table 2. The results of several of our audits are also summarized below:

Table 2
Tabulation of State Government
Operational Audit Findings
by Audit Area

Audit Area	Number of Findings	Number of Entities
Capital Assets, Equipment, and Inventory	10	5
Class Size Reduction	1	1
Contractual Services and Contract Management	9	7
Eligibility and Financial Assistance Payments	6	1
Expenditures and Disbursements	1	1
Financial Management and Record Keeping	5	5
Florida Single Audit Act	1	1
Information Technology Resources	16	9
Labor Market Statistics	1	1
Licensing and Related Activities	3	1
Medicaid Program Administration and Claims Payments	4	1
Personnel and Payroll	7	8
Program Administration, Oversight, and Monitoring	17	10
Purchasing Practices	2	2
Regulatory Oversight and Monitoring	5	1
Revenue and Cash Collections	1	1
Risk Management	1	1
Safeguarding of Social Security Numbers	3	3

- **Agency for Persons with Disabilities – iBudget Florida and Prior Audit Follow-Up.** The Agency for Persons with Disabilities (APD) is responsible for the provision of services to individuals with developmental disabilities and for the programmatic management of Medicaid waivers established to provide services to persons with developmental disabilities. The APD was required to develop and implement a comprehensive redesign of its service delivery system using individual budgets as the basis for allocating the funds appropriated for the Home and Community-Based Services (HCBS) Medicaid waiver program among eligible enrolled clients. The service delivery system, iBudget Florida, is to provide for, among other things, enhanced client choice within a specified service package; appropriate assessment strategies; an efficient consumer budgeting and billing process that includes reconciliation and monitoring components; a redefined role for support coordinators that avoids potential conflicts of interest; and a methodology and process that ensures the equitable allocation of available funds to each client based on the client's level of need. Our operational audit focused on the implementation of iBudget Florida by the APD. We found that improvements in APD processes and tools would better enable the APD to achieve the objectives of iBudget Florida specified in State law. We also noted that client iBudget amounts were not always adequately supported and client eligibility determinations were not always timely completed, properly documented, or periodically reevaluated.
- **Department of Financial Services – Division of Public Assistance Fraud.** The Department of Financial Services, Division of Public Assistance Fraud (DPAF), is responsible for investigating all public assistance provided to residents of the State or provided to others by the State. Our operational audit of selected DPAF activities disclosed that, during the period July 2011 through January 2013, DPAF received 44,917 referrals. During that same period, according to DPAF records, DPAF reviewed and rejected 38,732 referrals for insufficient evidence and sent 2,789 cases to the Division of Administrative Hearings for administrative action or the applicable State Attorney's Office for prosecution. Our audit disclosed that the investigative process could be enhanced by, among other things, the establishment of policies and procedures addressing DPAF operations and unique responsibilities, staff training specific to public assistance fraud investigations, and implementation of appropriate internal controls related to the tracking and review of potential public assistance fraud referrals and the safeguarding of electronic benefits transfer cards used in investigations.
- **Agency for Health Care Administration – Statewide Medicaid Managed Care Program Implementation.** Chapter 2011-134, Laws of Florida, required the Agency for Health Care Administration (AHCA) to implement the Statewide Medicaid Managed Care Program (SMMCP) for all covered medical assistance and long-term care services. The SMMCP was designed to emphasize patient-centered care and active patient participation, provide fully integrated care with access to providers and services through a uniform Statewide program, and implement innovations in reimbursement methodologies, plan quality, and plan accountability. As part of our audit, we examined documentation related to AHCA's transition plan; reviewed AHCA's methodology for monitoring the progress of the implementation, including interim progress reports to stakeholders; and evaluated AHCA's strategy for operations after the SMMCP is fully implemented. Our audit procedures disclosed that, while AHCA management had developed a plan to facilitate the SMMCP implementation and had, as of March 31, 2014, met its planned transition dates, AHCA management had not established a detailed staffing plan designed to promote the efficient and effective performance of AHCA's responsibilities after the SMMCP is fully implemented.

Overview of Audit and Accountability Activities

- **Department of Education – Class Size Reduction, Information Technology Internal Controls, and Prior Audit Follow-Up.** Department of Education (DOE) responsibilities related to class size are established in various State laws, including Chapter 1003, Florida Statutes. Our audit disclosed that DOE controls needed enhancement to provide additional assurance that DOE administered its responsibilities related to class size in accordance with constitutional and statutory requirements. We also found that DOE information technology (IT) internal controls, including those related to disaster recovery, contracted IT workers background screenings, and security awareness training, needed enhancement.
- **Department of Law Enforcement – Firearm Purchase Program.** Our operational audit of the Department of Law Enforcement (DLE) focused on the Firearm Purchase Program, selected administrative matters, and also included an evaluation of the status of actions taken to correct deficiencies disclosed in prior audit findings. Our audit procedures disclosed that the information required to be included in the Mentally Defective Database (MECOM Database) was not always timely, accurately, and completely recorded. The MECOM Database includes information provided by the Clerks of the Court of each county for persons who were adjudicated mentally defective or had been committed to a mental institution and, as a consequence, were ineligible under State and Federal law to purchase a firearm. The DLE should continue its efforts to work with the Clerks to ensure that records are timely, accurately, and completely entered into the MECOM Database as required by State law.
- **Department of State – Voting System Standards and Certification and Prior Audit Follow-Up.** Pursuant to Section 101.017, Florida Statutes, the Department of State (DOS) is responsible for the State’s voting system standards and certification as well as for providing technical support to county supervisors of elections. Our audit disclosed that DOS voting system examination and certification processes needed improvement to ensure compliance with State law and Florida Voting System Standards. Among other things, we found that the DOS did not seek reimbursement from voting system vendors for the actual costs associated with voting system examinations, DOS procedures did not ensure that the inventory of county voting systems was accurate and complete, reviews of county voting system security procedures did not ensure or demonstrate that the minimum security standards established pursuant to State law were met, and DOS internal controls over tangible personal property, IT user access, and purchasing cards needed enhancement.

A listing of all State Government audit reports released during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

Educational Entities

Pursuant to law, the Auditor General has extensive audit responsibilities involving educational entities, including school districts, State universities, and State colleges. These responsibilities include audits of financial statements, compliance with requirements of Federal awards, and selected operations. We also perform examinations of school district and other entity compliance with selected laws applicable to the Florida Education Finance Program FTE Students and Student Transportation funding allocations. An overview of our audit activities is included on the following pages.

	<u>Page No.</u>
School Districts	21
Florida Education Finance Program	
FTE Students and Student Transportation	25
Higher Education - State Universities and State Colleges.....	27
Other Educational Entities and Programs	30

Overview of Audit and Accountability Activities

School Districts Audit Impact Measures

Total asset values upon which financial statement opinions were rendered	\$25.6 billion
Total revenues upon which financial statement opinions were rendered	\$13.3 billion
Total Federal awards expenditures for major programs audited	\$723.2 million
Number of audit reports released	
Financial, Federal Awards, and Operational	39
Financial and Federal Awards	8
Operational	<u>7</u>
Total number of audit reports released	<u>54</u>
Number of audit findings	441
Number of findings identifying opportunities for cost recovery, savings, or loss avoidance	218
Total amount identified for cost recovery, savings, or loss avoidance	\$40.8 million

School Districts

Financial Statements. We audited the financial statements of 47 school districts for the fiscal year ended June 30, 2013. We found that, generally, the school districts' financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. We reported conditions involving internal control, including a material weakness⁴ and material noncompliance⁵ finding, at 1 school district. The finding involved deficient internal controls over the budgetary process that contributed to a fund balance deficit in the school district's general operating fund.

Federal Awards. In our audits of the 47 school districts, we examined the school districts' compliance with laws, regulations, and contracts and grants governing the use of Federal funds. The Federal Single Audit Act mandates that the auditor evaluate compliance with requirements applicable to each school district's major programs and the effectiveness of internal controls established by management to consistently ensure

compliance. For most of the 47 school districts, the number of major Federal awards programs ranged from two to five. School districts spent \$100.9 million of funds provided pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA) for the 2012-13 fiscal year, which is \$32.5 million more than the \$68.4 million spent for the 2011-12 fiscal year. In summary, our audits of the various major Federal awards programs disclosed the following:

- Nine school districts did not comply with requirements considered material to one or more major Federal awards programs resulting in qualified opinions on those programs.
- Internal controls over compliance with Federal awards requirements needed improvement at 25 school districts where we noted material weaknesses (11 findings), significant deficiencies

⁴ A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

⁵ Material noncompliance is noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements.

Overview of Audit and Accountability Activities

(41 findings), or control deficiencies (2 findings).⁶ Noncompliance was noted for these 25 school districts in several areas including, but not limited to, documenting personnel costs, maintaining required fiscal effort, approving and documenting expenditures of Federal funds prior to payment, reporting expenditures of Federal funds to the DOE, and allocating insurance program refunds and purchasing card rebates to Federal funds.

- Questioned costs were cited in 31 findings for 14 school districts. Questioned costs include costs of goods or services charged to one or more Federal awards programs that are not allowed under the applicable grant terms, not clearly supporting the Federal awards program's purposes, not documented in the manner prescribed by applicable Federal cost principles or State or school district policies, or not incurred during the grant period. A school district may have to repay from non-Federal sources the questioned costs should the applicable grantor disallow such costs.

Operational Audits. We conducted operational audit procedures for 46 school districts and considered the school districts' performance with respect to a variety of areas including internal control systems and specific laws or Appropriations Act provisos. For example, our operational audits evaluated processes relating to procurement and construction practices; personnel compensation and payroll administration; information technology; adult education enrollment reporting to the DOE; virtual instruction programs; and the use of ad valorem tax levy proceeds and other capital outlay funds. Our operational audit findings are tabulated by audit area along with the financial and Federal awards audit findings in Table 3. For several areas, similar findings were noted at multiple school districts. Our findings for some of those areas are briefly described below:

- **Construction and Related Activities** – For 36 school districts, we reported that internal controls over facilities construction and maintenance could be improved. Examples of internal control improvements needed included proper procurement or monitoring of construction services; proper review and approval of construction contract change orders; the development of policies and procedures requiring periodic evaluations of techniques for alternative construction methods and significant maintenance-related job techniques; and the development of goals and objectives for the facilities planning and maintenance departments to identify efficiency or cost-effectiveness outcomes. The expenditures associated with the construction and related activities audit findings ranged from \$357 thousand to \$183.6 million.
- **Personnel and Payroll** - Our audits disclosed that 36 school districts needed to enhance internal controls over the administration of personnel and payroll. For example, we reported on the lack of timely employee background screenings; compensation payments that were not made in accordance with board-approved salary schedules; incomplete payroll records; the lack of a documented process to identify instructional personnel entitled to differentiated pay using factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes; and insufficient monitoring of bus drivers.

⁶ See Footnotes 2 and 4 for definitions of significant deficiency and material weakness. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Overview of Audit and Accountability Activities

➤ **Information Technology Internal Controls** – For 34 school districts, we reported that enhancements were needed regarding information technology (IT) internal controls for financial and related systems. Examples of recommended enhancements to IT internal controls included timely deactivating the IT access privileges of former employees, restricting IT access privileges to only what is needed to perform assigned job duties, improving user authentication internal controls, logging and monitoring of significant system activity, and establishing written policies and procedures to govern significant IT functions. Other needed enhancements involved developing effective internal controls to address management’s security-related responsibilities, including risk assessment, security awareness training, data loss prevention, and security incident response.

➤ **Adult Education Hourly Reporting** – Our audits disclosed that 22 school districts needed to enhance internal controls over the reporting of Adult General Education instructional contact hours to the DOE. We noted instances in which contact hours were underreported or overreported for various reasons, such as oversight errors, the use of incorrect enrollment and withdrawal dates, and data-entry errors.

➤ **Purchasing Practices and Contractual Services** – For 15 school districts, our audits disclosed that improvements were needed in internal controls over certain purchasing practices. We noted instances in which monitoring of the procurement of contractual services could be strengthened, including, for example, competitively selecting certain professional services and procuring enterprise resource software. Improvements could also be made in monitoring the payment process to ensure that services had been received and properly documented, in accordance with the contract. We also noted that internal controls over purchasing card programs at certain school

Table 3
Tabulation of School District Audit Findings by Audit Area

Audit Area	Number of Findings	Number of Districts
Ad Valorem Tax Program and Capital Outlay	15	10
Adult General Education Course Hours Reporting	22	22
Board Policies and Actions	1	1
Capital Assets, Equipment, and Inventory	12	12
Cash and Cash Collections	10	7
Charter Schools	1	1
Construction and Related Activities	49	36
Direct-Support Organization Audits	1	1
Electronic Funds Transfers	10	10
Expenditures and Disbursements	1	1
Facilities	1	1
Federal Awards	54	25
Financial Management and Budgetary Internal Controls	17	11
Financial Reporting	22	19
Food Service Operations	1	1
Information Technology Internal Controls	82	34
Insurance	5	4
Personnel and Payroll	65	36
Purchasing Practices and Contractual Services	22	15
Restricted Resources	6	6
Social Security Number Collection Notice	1	1
Virtual Instruction Programs	39	11
Workforce Development Funds	4	4

Overview of Audit and Accountability Activities

districts could be enhanced. The expenditures associated with the purchasing practices and contractual services audit findings ranged from \$70 thousand to \$242 million.

- **Financial Management and Budgetary Internal Controls** – At 11 school districts, we reported that enhancements were needed in internal controls over financial management and budgetary internal controls, including the material weakness and material noncompliance finding discussed above under *Financial Statements*. We also reported financial condition deficiencies, instances in which financial reporting procedures could be improved to ensure that account balances and transactions are properly reported, financial records management issues, and other budgetary control and transparency issues.
- **Virtual Instruction Programs** – At 11 school districts, we noted that internal controls over virtual instruction programs (VIPs) could be enhanced in certain areas, including written policies and procedures related to VIP processes, VIP options, required parental notification of VIP information, computing resources and instructional materials, VIP provider background screenings, VIP provider contracts, compulsory student attendance, residual funds, and reporting.
- **Ad Valorem Taxation and Capital Outlay** - For 10 school districts, records did not evidence that the use of certain capital outlay moneys was consistent with applicable statutory provisions. For example, we questioned expenditures ranging from \$9 thousand to \$4.1 million for purposes contrary to Section 1011.71, Florida Statutes, such as unallowable salaries and benefits, grounds keeping costs, software applications, copier leases, and insurance premiums. School districts that violate the expenditure restrictions of Section 1011.71, Florida Statutes, may have an equal dollar reduction in Florida Education Finance Program funds appropriated to the school district in the fiscal year following the audit citation.
- **Electronic Funds Transfers** – For 10 school districts, our audits disclosed that enhancements were needed in internal controls over electronic funds transfers (EFTs) and compliance with related State laws and rules. For example, certain school districts lacked board-approved policies prescribing the accounting and control procedures for EFTs, including the use of electronic signatures; had EFT agreements with banks that omitted critical information, such as the names and signatures of employees authorized to initiate EFTs or of the school board chair; or had outdated EFT agreements that authorized former employees to initiate EFTs and former officials to establish those employees authorized to initiate EFTs. The cash and cash equivalent amounts available at the school districts for EFTs ranged from \$1 million to \$1.67 billion.

A listing of all school district audit reports released during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

FEFP FTE Students and Student Transportation Audit Impact Measures

Total FTE reported upon which compliance opinions were rendered	887,119
Total FTE funding for entities examined	\$2.8 billion
Total Student Transportation funding for entities examined	\$158 million
Number of compliance examination reports released	
School Districts	20
Developmental Research Schools	<u>3</u>
Total number of reports released	<u>23</u>
Number of reports disclosing material noncompliance	21

Florida Education Finance Program (FEFP) FTE Students and Student Transportation

For the 2011-12 and 2012-13 fiscal years, net State FEFP funding (net of local school district funding) totaled approximately \$5.6 billion and \$6.4 billion, respectively, including Student Transportation funding. During the period November 1, 2013, through October 31, 2014, we completed examinations of the records of 3 school districts for the fiscal year ended June 30, 2012, and 17 school districts and 3 university-affiliated developmental research schools for the fiscal year ended June 30, 2013. These examinations were conducted to evaluate compliance with State requirements governing the determination and reporting of full-time equivalent (FTE) students for the FEFP and the number of students transported for Student Transportation funding. Our examinations disclosed

that 20 school districts and 1 university-affiliated developmental research school did not materially comply with State requirements. Table 4 summarizes the material noncompliance areas. Generally, we considered noncompliance to be material when error rates equaled or exceeded 10 percent of the test population for one or more funded programs. The most common area of material noncompliance pertained to the preparation and maintenance of records for students in the English for Speakers of Other Languages (ESOL), Exceptional Student Education (ESE) Support Levels 4 and 5, and Career Education 9-12 On-the-Job Training (OJT) Programs.

Regarding FTE students, our examinations disclosed reporting errors or records that were not properly or accurately prepared or were missing and could not be located. We also reported material noncompliance regarding teacher qualifications and student transportation. For example, we reported instances in which teachers did not meet State requirements governing certification, out-of-field teacher assignments were not approved by the school board, parents were not notified regarding teachers' out-of-field status, teachers did not earn college credits toward certification in the out-of-field subject areas, and teachers did not earn the required in-service training points in ESOL strategies.

**Table 4
Tabulation of FEFP FTE Students and Student Transportation Material Noncompliance Areas**

Material Noncompliance Area	Number of Entities
Preparation and Maintenance of Student Records	20
Teacher Qualifications	13
Classification and Funding Eligibility of Transported Students	9

Overview of Audit and Accountability Activities

Material noncompliance regarding student transportation involved students' reported ridership categories or eligibility for State transportation funding.

The DOE is responsible for resolving proposed adjustments reported in examinations and computing the financial impact of such proposed adjustments for application against the school districts' current or future funding. School districts are permitted to request informal conferences with the DOE to appeal the examinations' proposed adjustments. The resulting informal conference panels' recommendations are presented to the Commissioner of Education for acceptance.

A listing of all FEFP FTE Students and Student Transportation reports issued during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

Higher Education State Universities and State Colleges

Financial Statements. During the period November 1, 2013, through October 31, 2014, we completed audits of the financial statements of 12 State universities and 24 State colleges for the fiscal year ended June 30, 2013, and of 1 State college for the fiscal year ended June 30, 2014. We found that the State universities and State colleges presented fairly, in all material respects, the financial statements for the applicable fiscal years in accordance with accounting principles generally accepted in the United States of America.

State Universities and State Colleges Audit Impact Measures

Total asset values upon which financial statement opinions were rendered	\$28.1 billion
Total revenues upon which financial statement opinions were rendered	\$14.2 billion
Total Federal awards expenditures for major programs audited	\$4.5 billion
Number of audits reports released	
Financial	37
Operational	<u>17</u>
Total number of audit reports released	<u>54</u>
Number of audit findings	102
Number of findings identifying opportunities for cost recovery, savings, or loss avoidance	26
Total amount identified for cost recovery, savings, or loss avoidance	\$15.7 million

We also reported conditions involving internal control deficiencies at 1 State university and 1 State college for the 2012-13 fiscal year. The internal control deficiencies pertained to declining financial condition, enhancements needed in financial statement reporting, the inappropriate use of agency fund resources that resulted in the agency fund having a cash balance deficit at fiscal year-end, and certain transactions and accountability internal controls relating to direct-support organizations. Our financial audit findings are summarized with other audit findings by audit area in Table 5.

Federal Awards. We audited the Federal awards expenditures of the State universities and State colleges as part of our State of Florida Single Audit. The Student Financial Assistance Programs Cluster administered by State universities and State colleges was a major Federal awards program for the State. Additionally, the Research and Development Programs Cluster administered by the State universities was a major Federal awards program for the State. A description of our Single Audit of the State of Florida begins on page 15 and the

related findings are described by audit area in Table 1 on page 16.

Overview of Audit and Accountability Activities

Operational Audits. During the period November 1, 2013, through October 31, 2014, we released operational audit reports of 7 State universities and 7 State colleges for the 2012-13 fiscal year. We also released operational audit reports of 1 State university and 2 State colleges for the 2013-14 fiscal year.

Our operational audits focused on several areas involving Board oversight, such as policies regarding electronic payments and electronic funds transfers and employment agreements and compensation. Our audits also encompassed internal controls over a variety of operational areas and compliance with applicable Florida Statutes and other requirements. For example, we tested selected information technology internal controls; the assessment and use of tuition and fees including, but not limited to, those pertaining to Florida residency requirements and the tuition differential, and distance learning fees at State universities; construction and related activities; procurement practices including purchasing card usage; textbook affordability; and internal controls over the administration of payroll and personnel. We also tested State colleges' reporting of adult general education enrollment to the DOE.

Our audit findings disclosed in reports released during the period November 1, 2013, through October 31, 2014, are tabulated by audit area in Table 5. Some findings that were reported at several State universities or State colleges are also summarized below:

- **Information Technology Internal Controls** – For 14 institutions, we reported that enhancements were needed regarding information technology (IT) internal controls for financial and related systems. Examples of recommended enhancements to IT internal controls included the timely removing of IT access privileges of former employees, restricting IT access privileges to only what is needed to perform

**Table 5
Tabulation of State University and
State College Audit Findings
by Audit Area**

Audit Area	Number of Findings	Number of Institutions
Adult General Education Course Hours Reporting	3	3
Board Policies and Actions	5	4
Capital Assets, Equipment, and Inventory	1	1
Cash and Cash Collections	4	3
Collection of Protected Information	1	1
Construction and Related Activities	9	3
Distance Learning	1	1
Electronic Payments and Funds Transfers	8	8
Expenditures and Disbursements	4	4
Financial Management	6	4
Food Service Operations	1	1
Information Technology Internal Controls	18	14
Investments	1	1
Personnel and Payroll	15	9
Purchasing Practices and Contractual Services	10	8
Reporting to State Oversight Officials	1	1
Restricted Resources	1	1
Textbook Affordability	5	5
Tuition and Fees	8	8

Overview of Audit and Accountability Activities

assigned job duties, improving user authentication and data loss prevention internal controls, logging and monitoring of significant system activity, developing a written IT security incident plan, and improving risk assessment practices.

- **Personnel and Payroll** – For 9 institutions, improvements were needed in the administration of personnel and payroll functions. For example, we reported that four institutions included provisions regarding severance pay in employment agreements, or made severance payments, that were not consistent with the requirements of State law.
- **Purchasing Practices and Contractual Services** – For 7 institutions, improvements were needed in procedures for monitoring consultant performance or payment, procuring goods and services, and monitoring the purchasing card or vendor credit card program. We also noted that one institution needed to strengthen its procedures to ensure that potential conflicts of interest are identified and evaluated.
- **Tuition and Fees** – For 8 institutions, improvements were needed in internal controls over student tuition or fee assessment, or over the expenditure of certain fees. For example, for three of these institutions, we reported that supporting documentation for payments from tuition differential fees did not always evidence compliance with State law.
- **Electronic Payments and Funds Transfers** – For 8 institutions, written policies prescribing accounting and control procedures for electronic transactions had either not been established or needed enhancement.

A listing of all State university and State college audit reports released during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

Other Educational Entities and Programs

Florida Bright Futures Scholarship Program. Pursuant to Section 1009.53(5)(c), Florida Statutes, in connection with our financial audits conducted pursuant to Section 11.45(2)(c), Florida Statutes, we conducted an operational audit of the administration of the Bright Futures Scholarship Program (Program) by 11 State universities and 28 State colleges for the fiscal years ended June 30, 2012, and June 30, 2013. Program funds disbursed to students totaled \$310 million and \$296 million, during the fiscal years ended June 30, 2012, and June 30, 2013, respectively. Our audit disclosed that 13 institutions did not always return undisbursed Program funds, or Program funds received for courses that students dropped or withdrew from after the drop and add period, to the DOE in a timely manner.

Florida Virtual Campus. We audited the financial statements of the Florida Virtual Campus and compliance with laws of potential material impact on the financial statements for the fiscal year ended June 30, 2013. Assets and revenues of the Florida Virtual Campus upon which we rendered our opinion totaled \$14.5 million and \$22.7 million, respectively. We found that the Florida Virtual Campus presented fairly, in all material respects, the financial statements for the fiscal year ended June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Florida Virtual School. As required by Section 1002.37(11), Florida Statutes, we conducted an operational audit of the Florida Virtual School (FLVS), including the Florida Virtual School Global. Our operational audit focused on the administration of responsibilities relating to personnel; procurement and contracting; revenue production; school funds, including internal funds; student enrollment records; franchise agreements; information technology utilization, assets, and security; performance measures and standards; and accountability. Our audit findings included the following:

- A lack of principles or procedures prescribed to administer and control local school funds;
- A lack of FLVS Board approval of revenue-generating strategies and course fees implemented by FLVS management;
- Salaries paid to certain administrative positions that were not included on the approved salary schedules and the lack of authorization by the President/Chief Executive Officer of certain salary supplements;
- The absence of a provision required by State law in employment contracts;
- Severance payments inconsistent with State law; and
- The failure to adopt performance measures and standards and an accountability system required by State law.

A listing of audit reports released during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

Information Technology

Information Technology Audits

Public entities rely on information technology (IT) to record, process, maintain, and report essential financial and program information necessary to achieve their missions and business objectives. The widespread use of IT, without proper safeguards, can lead to vulnerabilities that allow the introduction of errors by employees in their daily work processes and actions by persons with malicious intentions. As such, IT internal controls are a critical component of public entity internal control systems. Public entity management, therefore, has an important stewardship responsibility for establishing effective IT internal controls that provide reasonable assurance of the achievement of management's control objectives, including, in particular, assuring the confidentiality, integrity, and availability of data and IT resources. The absence of effective IT internal controls can result in significant risks to public entity operations and assets, such as risk of unauthorized or erroneous disclosure, modification, or destruction of financial or sensitive information and IT resources.

The Auditor General evaluates the effectiveness of internal controls over IT in financial audits and operational audits. Consideration of IT internal controls is an essential and significant part of the audit process in these audits because public entity business processes that are relevant to the audit objectives are usually dependent on IT.

State Government and Related Entities. We released 14 IT operational audits during the period November 1, 2013, through October 31, 2014. These audits encompassed critical or complex systems or processes at the Citizens Property Insurance Corporation (Citizens) and 10 State agencies as described below:

- The Electronic Estimate Disbursements (EED) System (used to increase the accuracy of payment request data);
- The Federal Family Education Loan Program (FFELP) System (used to maintain information relating to higher education loans);
- The Florida Accounting Information Resource Subsystem (FLAIR) (the State of Florida's accounting system that maintains State agency accounting and State budget control records and processes the State's payroll);
- The Florida Online Recipient Integrated Data Access (FLORIDA) System (used in eligibility determination and benefit issuance for public assistance programs);
- The Florida Real Time Vehicle Information System (FRVIS) (used to issue and account for tags, titles, and registrations for motor vehicles and vessels);
- The Florida Safe Families Network (FSFN) (used to document child protective investigations and child welfare casework);
- The Grants and Other Revenue Allocation and Tracking System (GRANTS) (used to collect and report data for certain State revenue sources);

Overview of Audit and Accountability Activities

- The Offender Based Information System (OBIS) (used to manage information related to inmates and offenders on community supervision);
- The Property Tax Oversight (PTO) System (used in the assessment and evaluation of property);
- The System for Unified Taxation (SUNTAX) (used for tax processing);
- The Unclaimed Property Management Information System (UPMIS) (used to support functions related to unclaimed property services);
- Data center operations at the Southwood Shared Resource Center;
- Selected systems used by Citizens to provide residential and commercial property insurance; and
- Surplus computer hard drive disposal processes for selected State agencies.

Table 6
Tabulation of Information Technology Operational Audit Findings by Control Area

Control Area	Number of Findings	Number of Entities
Application-Level General	28	8
Security Management	21	9
Access	16	7
Business Process	14	5
Configuration Management	8	6
Contingency Planning	1	1
Data Center Operations	1	1
Data Management System	1	1
Interface	1	1

Our IT operational audit report findings primarily pertained to internal controls underlying the overarching principles for data integrity, data confidentiality, and data or IT resource availability and are tabulated by control area in Table 6. Most of the control areas related to general internal controls; however, we also noted some application control findings in the area of business process internal controls. Some of the frequent findings related to the following:

- Excessive access privileges granted to employees and contractors;
- Untimely removal of access privileges for employees and contractors;
- Insufficient review of the appropriateness of access privileges for employees and contractors;
- Inadequate security settings;
- Insufficient logging and monitoring of system activity;
- Inadequate configuration management;
- Inadequate internal controls over program change management;
- Inadequate business process internal controls;
- Inadequate interface internal controls; and
- Inadequate contingency planning and operations.

For certain sensitive matters noted, we did not disclose specific details of the findings in the audit reports to avoid the possibility of compromising entity data and IT resources. The specific details were separately

Overview of Audit and Accountability Activities

communicated to entity management and frequently involved multiple security control deficiencies relating to various topics such as security management, configuration management, user authentication, security and transaction event logging and monitoring, network session and data transmission, and protection of confidential and exempt information.

Educational Entities. During the period November 1, 2013, through October 31, 2014, we evaluated IT internal controls as a part of financial and operational audits of educational entities, including school districts, State universities, and State colleges. These evaluations disclosed a significant number of internal control deficiencies and departures from best practices, including inappropriate or unnecessary access privileges, inadequate disaster recovery planning, a lack of periodic review of access privileges of employees and contractors, a lack of security incident response planning, and a lack of security management documentation. The details of sensitive matters noted were not disclosed in specific detail in the audit reports to avoid the possibility of compromising entity data and IT resources. Such matters included, but were not limited to, data loss prevention planning, logging and monitoring of system activity, and user authentication internal controls. These audit findings were disclosed in the financial or operational audit reports of the respective school district, State university, or State college, or to appropriate entity management. (See audit findings summaries for school district operational audits on page 23 and for State university and State college operational audits beginning on page 28.)

Analytical and Automated Procedures and Audit Applications

In addition to IT operational audits, extensive IT support is provided to the Office's financial and operational audit and attestation examination engagements through computer-assisted audit techniques (CAATs) services. Such services are focused, allow for extensive analysis in an efficient manner, and are accomplished by obtaining detailed information that can be used to prepare reconciliations, summaries, samples of detailed transactions, range reports, and other analytical tools for our audit staff. The use of CAATs leads to increased audit coverage, more thorough and consistent analysis of data, and reduction in risk.

In addition, custom computer application systems are maintained by IT support staff to support numerous audit activities. Examples include applications for analyzing and compiling financial statement adjustments and for support of our reviews of local government, school district, and charter school audit reports prepared by other certified public accountants.

A listing of all IT audit reports released during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

Other Audits and Accountability Activities

Local Government Audits

Counties.

County Value Adjustment Boards and Department of Revenue's Oversight Thereof – Property owners in Florida who disagree with their respective property appraiser's assessment of their property can appeal to their respective county's value adjustment board (VAB). The VABs are quasi-judicial bodies independent from the property appraiser and tax collector that meet to hear petitions related to assessments, complaints relating to homestead exemptions, appeals for exemptions denied, and appeals concerning ad valorem tax deferrals and classifications. The Department of Revenue (DOR) is required to prescribe by rule uniform procedures for hearings before the VABs and to develop a uniform policies and procedures manual to be used by the VABs, special magistrates, and taxpayers in VAB proceedings. This performance audit focused on VAB processes and the DOR's oversight thereof. Our audit findings included the following:

- An increased risk of the compromise of independence in the appeal process at the local level;
- A lack of uniformity in the documentation of compliance with appeal process requirements;
- Special magistrates serving on multiple VABs during the same tax year, which may be inconsistent with the State Constitution dual office holding prohibition; and
- Noncompliance with State law or DOR rules relating to the selection of special magistrates, VAB prehearing requirements, organizational meetings, written decisions, public notice of hearings and meetings, the allocation of expenses, citizen member requirements, and documentation of taxpayer representation for a hearing.

Okaloosa County Board of County Commissioners and Clerk of the Circuit Court – Pursuant to Section 11.45(3)(a), Florida Statutes, the Legislative Auditing Committee directed us to conduct an operational audit of the Okaloosa County Board of County Commissioners (BCC) and the Okaloosa County Clerk of the Circuit Court (CCC). Our audit findings included the following:

- A lack of BCC policies relating to making contributions to private nonprofit corporations;
- Inadequate BCC procedures over restricted resources, procurement and payment for goods and services, travel, and fuel cards;
- A failure by the CCC to ensure that adequate documentation accompanied certain BCC payment vouchers or to deny payment of inadequately supported BCC payment vouchers; and
- Inadequate internal controls in the areas of fraud or control risk assessments and insufficient policies and procedures to identify and prevent potential conflicts of interest for both the BCC and the CCC.

Municipalities

City of Hampton – Pursuant to Section 11.45(3)(a), Florida Statutes, the Legislative Auditing Committee directed us to conduct an operational audit of the City of Hampton. Our audit findings included the following:

- Several findings included in the 2011-12 fiscal year annual financial audit report had been reported for many years without correction;
- The absence of written policies and procedures necessary to assure the efficient and consistent conduct of certain business-related functions and the proper safeguarding of assets;
- A lack of adequate separation of duties, or adequate compensating controls, in most areas of the City's business functions;
- Apparent overpayments totaling \$8,258 to a former employee;
- A lack of proper stewardship of the public water system and the associated Water Fund;
- A lack of personnel files, position descriptions, standard pay grades, and timesheets, as well as overpayments to employees and City officials; and
- Contractual services not evidenced by written agreements.

City of Starke – Pursuant to Section 11.45(3)(a), Florida Statutes, the Legislative Auditing Committee directed us to conduct an operational audit of the City of Starke. Our audit findings included the following:

- The lack of employment of a City Manager, resulting in the performance of those job responsibilities by other personnel, including some incompatible duties;
- Inadequate procedures related to cash collections and a lack of internal controls over business taxes, utility deposits and billings, and water and sewer extension costs;
- Budgets adopted at a level of detail inconsistent with the requirements of State law, the failure to consider all available amounts from prior fiscal years, the failure to properly advertise and approve budget amendments, the failure to timely comply with budget transparency requirements, and budget overexpenditures; and
- Noncompliance with ordinances or City personnel rules relating to elected officials' and employees' salaries and bonuses; the lack of approved classification and pay plans, position descriptions, and personnel evaluations; as well as inadequate monitoring of employee overtime.

Follow-Up Procedures – Section 11.45(2)(j), Florida Statutes, requires us to, no later than 18 months after the release of a report on the audit of a local governmental entity, perform such appropriate follow-up procedures as deemed necessary to determine the audited entity's progress in addressing the findings contained within our previous report. We performed an audit to determine the extent to which the City of Lake Worth had corrected, or was in the process of correcting, deficiencies disclosed in our report No. 2013-001. Our audit disclosed that, of the 6 findings included in our report No. 2013-001, the City's actions corrected 3 findings, partially corrected 2 findings, and had not corrected 1 finding. We also performed follow-up procedures to determine the progress of Islamorada, Village of Islands in addressing findings in our report No. 2012-169. Inquiries and responses thereto, and documentation obtained in support of the responses, and additional follow-up audit procedures provided the basis for our determinations. Based on the procedures applied, we concluded that of the 16 findings included in our report No. 2012-169, the Village's actions corrected 13 findings, partially corrected 1 finding, did not correct 1 finding, and had no occasion to correct 1 finding.

Special Districts.

South Florida Water Management District – Findings from our operational audit included the following:

- A lack of or inadequate policies and procedures involving fraud prevention and detection as well as several functions related to financial operations and related activities;
- Inadequate bank account reconciliation procedures and a lack of procedures to ensure compliance with State law governing collateral management for public deposits; and
- Inadequate internal controls over general fee collections and inadequate procedures related to permit fee refunds.

Southwest Florida Water Management District – Findings from our operational audit included the following:

- Inadequate financial reporting procedures relating to the proper classification of fund balance accounts;
- Severance payments exceeding the limitations provided by State law;
- A lack of competitive selection of insurance providers; and
- A lack of a fully developed information technology governance framework.

Sunshine Water Control District – Findings from our operational audit included the following:

- Insufficient documentation of the basis for selecting the District Manager, District Engineer, and District Attorney to provide professional services;
- The lack of a competitive selection process for the professional services provided by the District Manager, District Engineer, and District Attorney since the inception of the associated contracts in 2007, 2008, and 2009;
- The omission of certain costs and projects from the capital improvement plan;
- A failure to procure engineering services in accordance with State law; and
- A lack of records evidencing that subcontractors were selected, and materials or equipment purchased, using the competitive bid process required by the applicable contract.

Suwannee River Water Management District – Findings from our operational audit included the following:

- Inadequate internal controls over cash and electronic funds transfers and inadequate or outdated banking agreements; and
- Payments for accumulated unused annual leave to terminated employees and enhanced separation benefits to several former employees that were inconsistent with State law.
- A lack of policies and procedures needed to ensure that land acquisition agreements are consistent with the District's statutorily defined responsibilities to protect and conserve the State's water resources.

Other Audits

Local Government Financial Reporting System. Pursuant to Section 11.45(2)(g), Florida Statutes, we conducted an audit of the local government financial reporting system (LGFRS), which is defined as any statutory provision relating to local government financial reporting. The results of our audit included several recommendations of statutory changes for the Legislature's consideration. These recommendations for statutory changes addressed community redevelopment agencies, minimum fund balance policies, budget transparency requirements, auditor selection procedures, audit committees, the applicability of tangible personal property rules to municipalities and certain special districts, bond issues, and the authority of the Department of Economic Opportunity (DEO) to determine whether an entity is a special district. Our specific recommendations for statutory changes are summarized on pages 5 through 9.

Our LGFRS audit also disclosed that procedural enhancements were needed at the Department of Management Services to ensure timely contact of new local governmental entities to obtain data on local retirement systems or plans and ensure timely contact of entities that change to the Florida Retirement System from a local plan, and at some local governments to ensure that contracts for audit services include all provisions required by State law and that auditor selection procedures are performed pursuant to State law. We also noted that internal controls over tangible personal property at numerous municipalities and nontaxing special districts could be improved. In addition, some local governments could enhance procedures related to bond issues to decrease the risk of unfavorable issue terms and excessive bond issue costs.

South Florida Workforce Investment Board. Pursuant to Section 11.45(3)(a), Florida Statutes, the Legislative Auditing Committee directed us to conduct an operational audit of the South Florida Workforce Investment Board. The audit disclosed the following: procedures to ensure the timely execution of contractual agreements needed enhancement; insurance coverage maintained by private contractors and training vendors did not always comply with contractual agreements; program expenditures as reported to the DEO were overstated; and procedures did not always ensure that meeting minutes were approved timely and made available for public inspection.

Rules of the Auditor General and Other Guidance

To promote audit quality, the Auditor General promulgates rules in conjunction with the Florida Board of Accountancy and provides technical assistance to local educational entities, local governments, nonprofit and for-profit organizations, and other certified public accountants (CPAs). These rules (Chapters 10.550, 10.650, 10.700, 10.800, and 10.850) are updated annually and are readily accessible from the Auditor General Web site. The Auditor General also provides guidelines for reviewing audit reports of charter schools, charter technical career centers, school districts, and local governments. Additionally, the Auditor General publishes a compliance supplement to assist CPAs in conducting local governmental entity audits pursuant to Section 218.39, Florida Statutes, and provides technical assistance to the Department of Education with respect to a compliance supplement for financial audits of school districts.

Reviews of Audit Reports

Section 11.45(7)(b), Florida Statutes, requires the Auditor General to review all audit reports submitted pursuant to Section 218.39, Florida Statutes. Section 218.39, Florida Statutes, requires that for each year that the Auditor General does not conduct a financial audit of a charter school, charter technical career center, school district, county, and certain municipalities and special districts, the entity shall provide for an annual financial audit conducted by other CPAs and submit a copy of the audit report to the Auditor General. We review the audit reports prepared by the CPAs to determine whether:

- The auditors' reports comply with *Government Auditing Standards* and Rules of the Auditor General;
- The accompanying financial statements conform to accounting principles generally accepted in the United States of America; and
- The audit reports were prepared by independent CPAs properly licensed by the Florida Board of Accountancy.

Additionally, Section 215.97(11)(f), Florida Statutes, requires the Auditor General to perform ongoing reviews of financial reporting packages submitted pursuant to the Florida Single Audit Act to determine compliance with the reporting requirements of the Act and applicable Rules of the Department of Financial Services and Rules of the Auditor General.

Significant Financial Trends and Findings. In conjunction with our review of the audit reports, we also compile and transmit to the Legislature summaries of significant financial trends and findings identified in audit reports of charter schools, charter technical career centers, school districts, and local governments.

Other Activities

Required Notifications. We are required by law to notify the Legislative Auditing Committee of any charter school, charter technical career center, school district, State university, State college, or local government, as applicable, that:

- Failed to comply with the Section 218.39, Florida Statutes, audit requirements;⁷
- Failed to take full corrective action in response to a recommendation included in a financial audit report that was also included in the two preceding financial audit reports;⁸
- Failed to provide significant items omitted from audit reports submitted to us;
- Failed to provide evidence of corrective action taken for noncompliance with Section 218.415, Florida Statutes, as noted by independent CPAs;
- Failed to comply with transparency requirements; or

⁷ For special districts, we are also required to notify the Department of Economic Opportunity.

⁸ For school districts, State universities, and State colleges, this requirement applies to both financial and operational audits conducted pursuant to Section 11.45, Florida Statutes.

- Met one or more of the conditions specified in Section 218.503(1), Florida Statutes.⁹

Quality Assessment Reviews. Pursuant to Section 11.45(2)(i), Florida Statutes, the Auditor General conducts quality assessment reviews of the State agencies' Offices of Inspectors General (OIGs) internal audit activities. We released reports on 16 OIGs and concluded that the quality assurance program related to 15 of the 16 OIGs' internal audit activities, as designed and implemented during the applicable review periods, provided reasonable assurance of conformance to applicable professional auditing standards. For the Florida Housing Finance Corporation (FHFC), the OIG internal audit activity did not ensure that all applicable professional auditing standards were addressed in the internal audit activity policies and procedures. Additionally, the OIG internal audit activity did not document compliance with all applicable professional auditing standards for engagements. Specifically, the OIG did not document compliance with engagement planning standards regarding the consideration of significant risks, internal control, and risk management; the probability of significant errors, fraud, and noncompliance; engagement resource allocation; and field work and reporting standards related to engagement records retention, engagement supervision, and communication of the engagement results. Also, we reported that the internal audit activity could better demonstrate compliance with professional auditing standards by maintaining records of the audit staff's continuing professional development.

Additionally, we noted that 15 of the 16 OIGs generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of the OIGs' internal audit activities. However, we also noted that, to enhance statutory compliance, the FHFC's OIG should address matters related to the preparation and distribution of audit reports.

Professional Activities. To help accomplish our Professional Services Goal, we communicate and work with professional associations to improve governmental accounting, auditing, and financial reporting and to promote the efficient use of government resources. The Auditor General serves on the United States Comptroller General's Advisory Council on *Government Auditing Standards*. Additionally, staff of the Auditor General participated in National and State standards-setting processes and served as members of various National, State, and local professional organization boards and committees.

A listing of audit reports and reports on other accountability activities released during the period November 1, 2013, through October 31, 2014, is included in Exhibit A of this Annual Report.

⁹ For charter schools, charter technical career centers, and school districts, we are also required to notify the Commissioner of Education. For local governments, we are also required to notify the Governor.

Annual Report Exhibits

As additional information, we have included four exhibits that are listed and described below:

Exhibit A – Reports Released During the Period November 1, 2013 through October 31, 2014

Exhibit A lists each report issued. Report information is generally provided by entity type (State Government; Educational Entities, including School Districts, State Universities, and State Colleges) or by other activity.

Exhibit B – Reports Released or Scheduled to be Released Subsequent to October 31, 2014, and Before March 31, 2015

Exhibit B provides information on audit activities completed or in progress subsequent to the October 31, 2014, cutoff date for this Annual Report. We post reports to our Web site www.myflorida.com/audgen/ as the reports are issued.

Exhibit C – Projected Work Plan for 2015-16 and 2016-17

Exhibit C represents our Projected Two-Year Work Plan for the 2015-16 and 2016-17 fiscal years based on our analyses as of November 30, 2014. Modifications to the work plan may be made in response to law changes, legislative requests, or other considerations. For information on our methodology for establishing our work plan, see pages 10 through 13.

Exhibit D – Auditor General Contact Information

Exhibit D includes the names and telephone numbers of Auditor General management and the areas of reporting responsibility. Contact information may also be located in each audit report. Additionally, this Exhibit provides information on how copies of audit reports may be obtained.

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
State Government		
2014-057	Agency for Health Care Administration - Health Care Facility Licensing Functions and Information Technology Controls - Operational Audit	12/09/2013
2015-011	Agency for Health Care Administration - Prior Audit Follow-Up and Selected Administrative Activities - Operational Audit	08/29/2014
2014-193	Agency for Health Care Administration - Statewide Medicaid Managed Care Program Implementation - Operational Audit	05/29/2014
2014-056	Agency for Persons With Disabilities - iBudget Florida and Prior Audit Follow-up - Operational Audit	12/09/2013
2015-002	Contract and Grant Management Processes at Selected State Agencies - Operational Audit	07/02/2014
2015-016	Department of Agriculture and Consumer Services - Prior Audit Follow-Up - Operational Audit	09/12/2014
2014-188	Department of Children and Families - Domestic Violence Program, Telework Program, and Selected Administrative Activities - Operational Audit	04/16/2014
2014-196	Department of Children and Families - Florida Online Recipient Integrated Data Access (FLORIDA) System - Information Technology Operational Audit	06/05/2014
2014-143	Department of Children and Families - Florida Safe Families Network (FSFN) - Information Technology Operational Audit	03/19/2014
2015-023	Department of Children and Families - Grants and Other Revenue Allocation and Tracking System (GRANTS) - Information Technology Operational Audit	10/23/2014
2014-202	Department of Corrections - Offender Based Information System - Information Technology Operational Audit	06/26/2014
2014-066	Department of Corrections - Selected Administrative Activities and Prior Audit Follow-Up - Operational Audit	12/17/2013
2014-041	Department of Economic Opportunity - Selected Administrative Processes and Prior Audit Follow-Up - Operational Audit	11/13/2013
2014-201	Department of Education - Class Size Reduction, Information Technology Controls, and Prior Audit Follow-Up - Operational Audit	06/24/2014
2015-007	Department of Education - Federal Family Education Loan Program (FFELP) Program - Information Technology Operational Audit	08/14/2014
2014-064	Department of Environmental Protection - Beach Erosion Control Program - Operational Audit	12/17/2013
2014-103	Department of Financial Services - Division of Public Assistance Fraud - Operational Audit	02/14/2014
2015-014	Department of Financial Services - Florida Accounting Information Resource Subsystem (FLAIR) - Information Technology Operational Audit	09/09/2014
2014-109	Department of Financial Services - Unclaimed Property Management Information System (UPMIS) - Information Technology Operational Audit	02/25/2014
2014-183	Department of Highway Safety and Motor Vehicles - Florida Real Time Vehicle Information System (FRVIS) - Information Technology Operational Audit	04/04/2014
2014-107	Department of Highway Safety and Motor Vehicles - Operational Audit	02/19/2014
2014-040	Department of Law Enforcement - Firearm Purchase Program - Operational Audit	11/13/2013
2014-185	Department of Revenue - Property Tax Oversight (PTO) System - Information Technology Operational Audit	04/11/2014

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
State Government – Continued		
2015-006	Department of Revenue - System for Unified Taxation (SUNTAX) - Information Technology Operational Audit	08/07/2014
2014-181	Department of State - Voting System Standards and Certification and Prior Audit Follow-Up - Operational Audit	03/31/2014
2014-095	Department of the Lottery - Financial Audit	01/28/2014
2014-198	Department of the Lottery - Selected Administrative Activities and Prior Audit Follow-Up - Operational Audit	06/09/2014
2014-088	Department of Transportation - Electronic Estimate Disbursement (EED) System - Information Technology Operational Audit	01/22/2014
2014-086	Division of Emergency Management - Disaster Resource Management and Prior Audit Follow-Up - Operational Audit	01/17/2014
2014-200	Executive Office of the Governor - State Budgetary Processes and Information Technology Controls - Operational Audit	06/11/2014
2014-184	Payroll and Personnel Processes at Selected State Agencies - Operational Audit	04/10/2014
2015-005	Primary Data Centers Cost Allocation Processes - Operational Audit	07/31/2014
2014-052	Southwood Shared Resource Center - Data Center Operations - Information Technology Operational Audit	12/04/2013
2014-096	State Board of Administration - Local Government Surplus Funds Trust Fund (Florida PRIME) (An External Investment Pool) - Financial Audit	01/28/2014
2014-173	State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards (1)	03/31/2014
2014-187	Surplus Computer Hard Drive Disposal Processes at Selected State Agencies - Information Technology Operational Audit	04/16/2014
School Districts		
2014-119	Baker County District School Board - Financial, Operational, and Federal Single Audit	03/06/2014
2014-117	Bradford County District School Board - Financial, Operational, and Federal Single Audit	03/05/2014
2014-058	Brevard County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/17/2013
2014-089	Brevard County District School Board - Operational Audit	01/23/2014
2014-111	Calhoun County District School Board - Financial, Operational, and Federal Single Audit	02/27/2014
2014-161	Charlotte County District School Board - Financial, Operational, and Federal Single Audit	03/26/2014
2014-137	Citrus County District School Board - Financial, Operational, and Federal Single Audit	03/14/2014
2014-101	Columbia County District School Board - Financial, Operational, and Federal Single Audit	02/06/2014
2014-126	DeSoto County District School Board - Financial, Operational, and Federal Single Audit	03/10/2014
2014-116	Dixie County District School Board - Financial, Operational, and Federal Single Audit	03/04/2014
2014-099	Duval County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	01/31/2014

(1) Our independent auditor’s report on the State of Florida’s financial statements was published in the State of Florida’s *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013*.

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
School Districts - Continued		
2014-076	Duval County District School Board - Operational Audit	01/06/2014
2014-130	Flagler County District School Board - Financial, Operational, and Federal Single Audit	03/11/2014
2014-142	Franklin County District School Board - Financial, Operational, and Federal Single Audit	03/19/2014
2014-171	Gadsden County District School Board - Financial, Operational, and Federal Single Audit	03/27/2014
2014-123	Gilchrist County District School Board - Financial, Operational, and Federal Single Audit	03/10/2014
2014-153	Glades County District School Board - Financial, Operational, and Federal Single Audit	03/24/2014
2014-055	Gulf County District School Board - Financial, Operational, and Federal Single Audit	12/06/2013
2014-135	Hamilton County District School Board - Financial, Operational, and Federal Single Audit	03/14/2014
2014-154	Hardee County District School Board - Financial, Operational, and Federal Single Audit	03/24/2014
2014-113	Hendry County District School Board - Financial, Operational, and Federal Single Audit	02/28/2014
2014-164	Highlands County District School Board - Financial, Operational, and Federal Single Audit	03/26/2014
2014-141	Holmes County District School Board - Financial, Operational, and Federal Single Audit	03/19/2014
2014-069	Indian River County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/20/2013
2014-067	Indian River County District School Board - Operational Audit	12/20/2013
2014-081	Jackson County District School Board - Financial, Operational, and Federal Single Audit	01/10/2014
2014-177	Jefferson County District School Board - Financial, Operational, and Federal Single Audit	03/28/2014
2014-110	Lafayette County District School Board - Financial, Operational, and Federal Single Audit	02/26/2014
2014-132	Levy County District School Board - Financial, Operational, and Federal Single Audit	03/12/2014
2014-125	Liberty County District School Board - Financial, Operational, and Federal Single Audit	03/10/2014
2014-112	Madison County District School Board - Financial, Operational, and Federal Single Audit	02/28/2014
2014-098	Manatee County District School Board - Financial and Federal Single Audit	01/31/2014
2014-079	Manatee County District School Board - Operational Audit	01/08/2014
2014-059	Martin County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/16/2013
2014-062	Martin County District School Board - Operational Audit	12/13/2013
2014-146	Miami-Dade County District School Board - Financial and Federal Single Audit	03/20/2014
2014-151	Monroe County District School Board - Financial, Operational, and Federal Single Audit	03/21/2014
2014-133	Nassau County District School Board - Financial, Operational, and Federal Single Audit	03/14/2014
2014-169	Okeechobee County District School Board - Financial, Operational, and Federal Single Audit	03/27/2014
2014-147	Orange County District School Board - Financial, Operational, and Federal Single Audit	03/20/2014
2014-072	Osceola County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/30/2013
2014-071	Osceola County District School Board - Operational Audit	12/20/2013
2014-163	Palm Beach County District School Board - Financial, Operational, and Federal Single Audit	03/26/2014
2014-074	Pasco County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/30/2013
2014-073	Pasco County District School Board - Operational Audit	12/20/2013
2014-170	Putnam County District School Board - Financial, Operational, and Federal Single Audit	03/27/2014
2014-131	Santa Rosa County District School Board - Financial, Operational, and Federal Single Audit	03/11/2014
2014-152	Sumter County District School Board - Financial, Operational, and Federal Single Audit	03/21/2014
2014-087	Suwannee County District School Board - Financial, Operational, and Federal Single Audit	01/22/2014

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
School Districts - Continued		
2014-124	Taylor County District School Board - Financial, Operational, and Federal Single Audit	03/10/2014
2014-144	Union County District School Board - Financial, Operational, and Federal Single Audit	03/20/2014
2014-134	Wakulla County District School Board - Financial, Operational, and Federal Single Audit	03/14/2014
2014-138	Walton County District School Board - Financial, Operational, and Federal Single Audit	03/14/2014
2014-114	Washington County District School Board - Financial, Operational, and Federal Single Audit	03/03/2014
Florida Education Finance Program		
2014-182	Alachua County District School Board - Florida Education Finance Program	04/03/2014
2014-043	Broward County District School Board - Florida Education Finance Program	11/22/2013
2014-094	Calhoun County District School Board - Florida Education Finance Program	01/28/2014
2015-008	Dixie County District School Board - Florida Education Finance Program	08/27/2014
2014-054	Duval County District School Board - Florida Education Finance Program	12/05/2013
2015-012	Escambia County District School Board - Florida Education Finance Program	09/08/2014
2014-197	Florida A & M University Developmental Research School - Florida Education Finance Program	06/06/2014
2015-001	Florida Atlantic University Schools - Florida Education Finance Program	07/02/2014
2014-118	Franklin County District School Board - Florida Education Finance Program	03/06/2014
2014-115	Gadsden County District School Board - Florida Education Finance Program	03/03/2014
2015-013	Gilchrist County District School Board - Florida Education Finance Program	09/09/2014
2014-102	Gulf County District School Board - Florida Education Finance Program	02/14/2014
2014-186	Hendry County District School Board - Florida Education Finance Program	04/15/2014
2015-019	Jefferson County District School Board - Florida Education Finance Program	10/06/2014
2014-190	Leon County District School Board - Florida Education Finance Program	04/25/2014
2014-192	Levy County District School Board - Florida Education Finance Program	05/16/2014
2014-083	Manatee County District School Board - Florida Education Finance Program	01/14/2014
2014-195	Marion County District School Board - Florida Education Finance Program	06/04/2014
2015-003	Miami-Dade County District School Board - Florida Education Finance Program	07/10/2014
2014-191	Orange County District School Board - Florida Education Finance Program	05/16/2014
2014-139	P.K. Yonge Developmental Research School - Florida Education Finance Program	03/17/2014
2014-168	St. Johns County District School Board - Florida Education Finance Program	03/27/2014
2015-010	Volusia County District School Board - Florida Education Finance Program	08/28/2014
State Universities		
2014-178	Florida Agricultural and Mechanical University - Financial Audit	03/28/2014
2014-108	Florida Agricultural and Mechanical University - Operational Audit	02/20/2014
2014-179	Florida Atlantic University - Financial Audit	03/31/2014
2014-045	Florida Atlantic University - Operational Audit	11/26/2013
2014-084	Florida Gulf Coast University - Financial Audit	01/15/2014
2014-160	Florida International University - Financial Audit	03/25/2014
2014-060	Florida International University - Operational Audit	12/13/2013
2014-158	Florida Polytechnic University - Financial Audit	03/25/2014
2014-075	Florida State University - Financial Audit	12/30/2013
2014-037	Florida State University - Operational Audit	11/05/2013
2014-174	New College of Florida - Financial Audit	03/27/2014

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
State Universities - Continued		
2015-026	New College of Florida - Operational Audit	10/27/2014
2014-127	University of Central Florida - Financial Audit	03/11/2014
2014-070	University of Florida - Financial Audit	12/30/2013
2014-044	University of Florida - Operational Audit	11/22/2013
2014-155	University of North Florida - Financial Audit	03/24/2014
2014-157	University of South Florida - Financial Audit	03/25/2014
2014-063	University of South Florida - Operational Audit	12/16/2013
2014-172	University of West Florida - Financial Audit	03/27/2014
2014-092	University of West Florida - Operational Audit	01/24/2014
State Colleges		
2014-149	Brevard Community College - Financial Audit	03/21/2014
2014-078	Broward College - Financial Audit	01/08/2014
2014-128	Chipola College - Financial Audit	03/11/2014
2014-035	Chipola College - Operational Audit	11/01/2013
2014-106	College of Central Florida - Financial Audit	02/18/2014
2014-105	Daytona State College - Financial Audit	02/18/2014
2014-175	Edison State College - Financial Audit	03/28/2014
2014-145	Florida Gateway College - Financial Audit	03/20/2014
2014-180	Florida Keys Community College - Financial Audit	03/31/2014
2014-065	Florida Keys Community College - Operational Audit	12/17/2013
2014-176	Florida State College at Jacksonville - Financial Audit	03/28/2014
2014-085	Florida State College at Jacksonville - Operational Audit	01/15/2014
2014-122	Gulf Coast State College - Financial Audit	03/10/2014
2014-042	Gulf Coast State College - Operational Audit	11/14/2013
2014-165	Hillsborough Community College - Financial Audit	03/26/2014
2014-166	Indian River State College - Financial Audit	03/26/2014
2014-121	Miami Dade College - Financial Audit	03/10/2014
2015-025	North Florida Community College - Financial Audit	10/24/2014
2015-021	North Florida Community College - Operational Audit	10/23/2014
2014-093	Northwest Florida State College - Financial Audit	01/27/2014
2015-022	Northwest Florida State College - Operational Audit	10/23/2014
2014-167	Palm Beach State College - Financial Audit	03/26/2014
2014-148	Pasco-Hernando Community College - Financial Audit	03/21/2014
2014-061	Pasco-Hernando Community College - Operational Audit	12/13/2013
2014-136	Pensacola State College - Financial Audit	03/14/2014
2014-036	Pensacola State College - Operational Audit	11/05/2013
2014-104	Polk State College - Financial Audit	02/14/2014
2014-077	Santa Fe College - Financial Audit	01/07/2014
2014-097	Seminole State College of Florida - Financial Audit	01/29/2014
2014-156	St. Johns River State College - Financial Audit	03/24/2014
2014-150	St. Petersburg College - Financial Audit	03/21/2014
2014-080	State College of Florida, Manatee-Sarasota - Financial Audit	01/10/2014
2014-140	Tallahassee Community College - Financial Audit	03/17/2014
2014-039	Tallahassee Community College - Operational Audit	11/08/2013

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
Other Educational Entities and Programs		
2014-159	Florida Bright Futures Scholarship Program - Operational Audit	03/25/2014
2014-162	Florida Virtual Campus - Financial Audit	03/26/2014
2014-090	Florida Virtual School - Operational Audit	01/24/2014
Other Audits and Accountability Activities		
2014-100	City of Hampton - Operational Audit	02/05/2014
2015-015	City of Lake Worth's Sub-Regional Sewer System - Follow-Up on Operational Audit Report No. 2013-001	09/12/2014
2015-009	City of Starke - Operational Audit	08/27/2014
2014-194	County Value Adjustment Boards and Department of Revenue's Oversight Thereof - Performance Audit	05/30/2014
2015-017	Information Technology Controls of Selected Systems Utilized by the Citizens Property Insurance Corporation - Information Technology Operational Audit	09/22/2014
2012-169F	Islamorada, Village of Islands - Follow-Up on Report No. 2012-169	08/21/2014
2015-037	Local Government Financial Reporting System - Performance Audit	10/31/2014
2014-068	Okaloosa County Board of County Commissioners and Clerk of the Circuit Court - Operational Audit	12/20/2013
2015-004	Report on Significant Financial Trends and Findings Identified in Charter School and Charter Technical Career Center 2012-13 Fiscal Year Audit Reports - Operational Audit	07/29/2014
2014-053	Report on Significant Financial Trends and Findings Identified in Local Governmental Entity 2011-12 Fiscal Year Audit Reports and Annual Financial Reports	12/05/2013
2015-036	Report on Significant Financial Trends and Findings Identified in Local Governmental Entity 2012-13 Fiscal Year Audit Reports and Annual Financial Reports	10/31/2014
2015-024	Report on Significant Financial Trends and Findings in 2012-13 Fiscal Year Audits of District School Boards	10/24/2014
2014-203	Review of Charter School, Charter Technical Career Center, and District School Boards 2012-13 Fiscal Year Audit Reports Prepared by Independent Certified Public Accountants	06/30/2014
2014-038	Review of Local Governmental Entity 2011-12 Fiscal Year Audit Reports Prepared by Independent Certified Public Accountants	11/08/2013
2015-020	Review of Local Governmental Entity 2012-13 Fiscal Year Audit Reports Prepared by Independent Certified Public Accountants	10/16/2014
2015-018	Review of Nonprofit, For-Profit, and Other Entity Audit Reports Prepared by Independent Certified Public Accountants Pursuant to the Florida Single Audit Act Fiscal Years Ended October 31, 2012, Through September 30, 2013	09/25/2014
2014-091	South Florida Water Management District - Operational Audit	01/24/2014
2014-120	South Florida Workforce Investment Board - Operational Audit	03/07/2014
2014-082	Southwest Florida Water Management District - Operational Audit	01/13/2014
2014-199	Sunshine Water Control District - Operational Audit	06/11/2014
2014-129	Suwannee River Water Management District - Operational Audit	03/11/2014
2014-051	Department of Children and Families - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/26/2013
2014-046	Department of Corrections - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/26/2013
2015-028	Department of Economic Opportunity - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014

**Reports Released During the Period
November 1, 2013 through October 31, 2014**

Report Number	Audited Entity and Report Title	Report Release Date
Other Audits and Accountability Activities - Continued		
2015-032	Department of Education - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2015-033	Department of Financial Services - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2015-030	Department of Health - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2015-035	Department of Highway Safety and Motor Vehicles - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2015-027	Department of Juvenile Justice - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2015-029	Department of Revenue - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2014-048	Department of State - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/26/2013
2014-050	Executive Office of the Governor - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/26/2013
2014-049	Fish and Wildlife Conservation Commission - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/26/2013
2015-031	Florida Department of Law Enforcement - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2014-189	Florida Housing Finance Corporation - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	04/21/2014
2015-034	Public Service Commission - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2014
2014-047	State Courts System - Inspector General's Internal Audit Activity - Quality Assessment Review	11/26/2013

**Reports Released or Scheduled to Be Released Subsequent to
October 31, 2014, and Before March 31, 2015**

State Government

Audit Entity	Scope/Areas of Operations
Agency for Health Care Administration	Financial Management
Agency for Persons with Disabilities	Office of Inspector General’s Internal Audit Activity Quality Assessment Review
Department of Business and Professional Regulation	Selected Inspection Programs
Department of Agriculture and Consumer Services	Selected Inspection Programs
Department of Children and Families	Community Based Care Organizations – Contract Management and Monitoring Behavioral Health Managing Entities – Contract Management and Monitoring
Department of Citrus	Office of Inspector General’s Internal Audit Activity Quality Assessment Review
Department of Corrections	Canteen Operations and Prior Audit Follow-Up
Department of Economic Opportunity	CONNECT System - Information Technology
Department of Elder Affairs	State Long-Term Care Ombudsman Program, Prior Audit Follow-Up, and Selected Administrative Activities
Department of Financial Services	Selected Division of Treasury Applications – Information Technology Automated Investigation Management System – Information Technology
Department of Health	Regulation of Health Professions
Department of the Lottery	Financial Statements
Department of Management Services	Florida Retirement System – Financial Statements Statewide Law Enforcement Radio System and Prior Audit Follow-Up
Department of Military Affairs	Administration of Selected Programs and Activities and Prior Audit Follow-Up Office of Inspector General’s Internal Audit Activity Quality Assessment Review
Department of Revenue	One-Stop Business Registration Portal and Selected Administrative Activities
Department of Transportation	Commission for the Transportation Disadvantaged, Road Ranger Program, and Selected Administrative Activities Project Cost Management Subsystem – Information Technology
Department of Veterans’ Affairs	Office of Inspector General’s Internal Audit Activity Quality Assessment Review
Fish and Wildlife Conservation Commission	Revenue Collection Processes and Selected Administrative Activities
Multi-Agency	Surplus Computer Hard Drive Disposal Processes at Selected State Agencies – Information Technology
Northwest Regional Data Center at Florida State University	Data Center Operations – Information Technology
State Board of Administration	Selected Administrative Activities Local Government Surplus Funds Trust Fund – Financial Statements
State of Florida	Financial Statements and Federal Awards

Educational Entities

Audit Entity	Scope/Areas of Operations
Florida Education Finance Program - Selected District School Boards and Other Entities	Compliance with Reporting Requirements
Florida Virtual Campus	Financial Statements
School Districts	Financial, Federal Awards, and Selected Areas of Operations
State Colleges	Financial and Selected Areas of Operations
State Universities	Financial and Selected Areas of Operations

***Reports Released or Scheduled to Be Released Subsequent to
October 31, 2014, and Before March 31, 2015***

<i>Other</i>	
<i>Audit Entity</i>	<i>Scope/Areas of Operations</i>
City of Hollywood and Hollywood Community Redevelopment Agency	Follow-Up on Report No. 2013-093
Florida Municipal Power Agency	Selected Areas of Operation
Hardee County Industrial Development Authority, Hardee County Economic Development Authority, and Hardee County Board of County Commissioners	Follow-Up on Report No. 2013-102
Judicial-Related Agencies	Selected Areas of Operation
Okaloosa County Board of County Commissioners and the Okaloosa County Tourist Development Council	Follow-Up on Report No. 2013-085

PROJECTED WORK PLAN 2015 - 2016

◆ Financial Audits (FYE 6-30-2015):

- Department of the Lottery
- Florida Retirement System and Other State-Administered Systems
 - Schedule of Pension Amounts by Employer
- Local Government Surplus Funds Trust Fund
- School Districts, including Federal Awards (47)
- State of Florida Reporting Entity, including Federal Awards
- State Colleges (28)
- State Universities (12)

◆ Operational and Performance Audits:

- Citizens Property Insurance Corporation
- Commission on Offender Review
- Department of Children and Families
- Department of Children and Families – Florida Online Recipient Integrated Data Access (FLORIDA) System – Information Technology Audit
- Department of Corrections
- Department of Economic Opportunity
- Department of Economic Opportunity – CONNECT System – Information Technology Audit
- Department of Education
- Department of Environmental Protection
- Department of Financial Services
- Department of Financial Services – Florida Accounting Information Resource (FLAIR) Subsystem – Information Technology Audit
- Department of Health
- Department of Juvenile Justice
- Department of Legal Affairs
- Department of the Lottery
- Department of Veterans' Affairs
- Division of Emergency Management
- Florida Board of Governors
- Florida Clerks of the Court Corporation
- Florida Virtual School
- Information Technology Audits of Selected Major Systems
- Judicial-Related Entities
- Local Governmental Entities (Selected)
- Northwest Florida Water Management District
- Office of Early Learning
- Office of Financial Regulation
- Primary Data Centers – Cost Allocation Processes
- Primary Data Centers – Information Technology Audits
- Public Service Commission
- Scholarship Funding Organizations
- School Districts (48)

PROJECTED WORK PLAN 2015 – 2016 (CONTINUED)

- ◆ **Operational and Performance Audits (Continued):**
 - *State Colleges (14)*
 - *State Universities (6)*
- ◆ **FEFP Examinations (FYE 6-30-2015):**
 - *School Districts (24)*
- ◆ **Other Accountability Activities:**
 - *Annual Reviews of Audit Reports of Charter Schools, Charter Technical Career Centers, School Districts, Local Governmental Entities, and Certain Nonprofit and For-Profit Entities*
 - *Compilations of Summary of Significant Financial Trends and Findings*
 - *Per Diem Cost Certifications upon Department of Management Services or Department of Corrections Request*
 - *Quality Assessment Reviews of Offices of Inspectors General Internal Audit Activities (12)*
 - *Technical Advice and Rule and Guideline Maintenance*

PROJECTED WORK PLAN 2016 - 2017

◆ Financial Audits (FYE 6-30-2016):

- Department of the Lottery
- Florida Retirement System and Other State-Administered Systems
 - Schedule of Pension Amounts by Employer
- Local Government Surplus Funds Trust Fund
- School Districts, including Federal Awards (47)
- State of Florida Reporting Entity, including Federal Awards
- State Colleges (28)
- State Universities (12)

◆ Operational and Performance Audits:

- Agency for Health Care Administration
- Agency for Persons with Disabilities
- Agency for State Technology
- Department of Children and Families
- Department of Children and Families – Florida Online Recipient Integrated Data Access (FLORIDA) System – Information Technology Audit
- Department of Citrus
- Department of Corrections
- Department of Economic Opportunity – CONNECT System – Information Technology Audit
- Department of Elder Affairs
- Department of Financial Services – Florida Accounting Information Resource (FLAIR) Subsystem – Information Technology Audit
- Department of Health
- Department of Highway Safety and Motor Vehicles
- Department of Law Enforcement
- Department of Management Services
- Department of Military Affairs
- Department of Revenue
- Department of State
- Department of Transportation
- Executive Office of the Governor
- Florida Housing Finance Corporation
- Florida School for the Deaf and the Blind
- Information Technology Audits of Selected Major Systems
- Judicial-Related Entities
- Local Governmental Entities (Selected)
- Office of Insurance Regulation
- Primary Data Centers – Cost Allocation Processes
- Primary Data Centers – Information Technology Audits
- Scholarship Funding Organizations
- School Districts (47)
- South Florida Water Management District
- Southwest Florida Water Management District
- St. Johns River Water Management District
- Suwanee River Water Management District

PROJECTED WORK PLAN 2016 – 2017 (CONTINUED)

◆ **Operational and Performance Audits (Continued):**

- *State Colleges (10)*
- *State Universities (5)*
- *Triumph Gulf Coast, Inc.*

◆ **FEFP Examinations (FYE 6-30-2016):**

- *School Districts (24)*

◆ **Other Accountability Activities:**

- *Annual Reviews of Audit Reports of Charter Schools, Charter Technical Career Centers, School Districts, Local Governmental Entities, and Certain Nonprofit and For-Profit Entities*
- *Compilations of Summary of Significant Financial Trends and Findings*
- *Per Diem Cost Certifications upon Department of Management Services or Department of Corrections Request*
- *Quality Assessment Reviews of Offices of Inspectors General Internal Audit Activities (7)*
- *Technical Advice and Rule and Guideline Maintenance*

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