



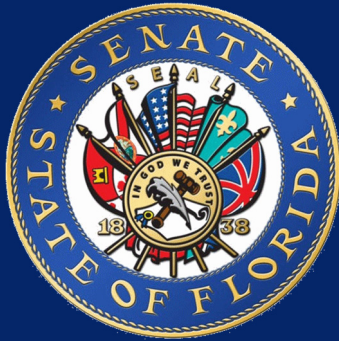
2015

AUDITOR GENERAL

ANNUAL REPORT

November 1, 2014, Through October 31, 2015

LEGISLATIVE AUDITING COMMITTEE



Alternating Chair

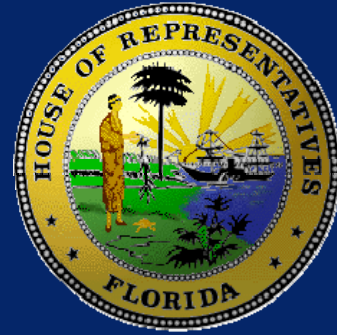
Joseph Abruzzo

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Wilton Simpson



Alternating Chair

Daniel D. Raulerson

Debbie Mayfield

Amanda Murphy

Ray Wesley Rodrigues

Cynthia A. Stafford

The Legislative Auditing Committee is established by Joint Rules of the Florida Legislature and its membership consists of members appointed from each house. The Committee may direct the Auditor General to conduct an audit, review, or examination of any entity or record as specified in Section 11.45(3), Florida Statutes. This includes State agencies, counties, municipalities, special districts, district school boards, charter schools, and numerous other government organizations, as well as nongovernmental agencies, corporations, and persons who have received any appropriation made by the Legislature.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
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December 1, 2015

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:

I am pleased to provide the Auditor General's Annual Report for the period November 1, 2014, through October 31, 2015. In accordance with Section 11.45(7)(h), Florida Statutes, this Annual Report includes a list of statutory and fiscal changes recommended by the Auditor General for legislative consideration as well as our Projected 2-Year Work Plan identifying the audit and other accountability activities expected to be undertaken during the 2016-17 and 2017-18 fiscal years. The Projected 2-Year Work Plan is a risk-based plan developed considering both the audit frequency requirements in State law and information obtained from the Legislature and other sources concerning areas of audit interest and operational risk.

This Annual Report also provides a brief description of our Office and a summary of the audit and other accountability activities we performed during the 12-month period November 1, 2014, through October 31, 2015. These audits and other accountability activities include assignments made to our Office both in law and by legislative directive. During this period, we issued over 185 reports related to operational, financial, and Federal awards audits and attestation examination engagements of State and local governmental entities.

We appreciate the Legislature's interest in our audit work and reports. Please let me know if you have any questions regarding this Annual Report or if we can be of any additional service to you in your service to the citizens of Florida.

Respectfully,

A handwritten signature in blue ink that reads "Sherrill F. Norman".

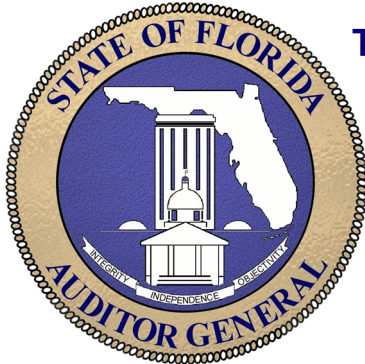
Sherrill F. Norman

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

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OUR OFFICE



The Auditor General is:

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

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. On March 30, 2015, the Committee appointed Sherrill F. Norman to serve as Auditor General, effective July 1, 2015. The Senate and the House of Representatives confirmed her appointment during the 2015 Legislative Session.

Our Vision

Excellence in auditing for the benefit of Floridians.

Our Core Values

- ◆ ***Integrity*** – Commitment to ethical conduct and truthfulness in all relationships.
- ◆ ***Independence and 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.
- ◆ ***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.

Our Mission

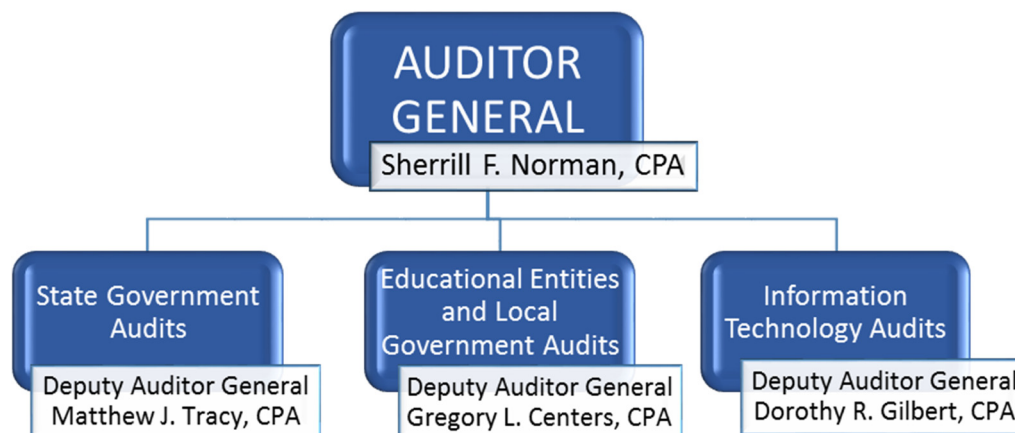
As the State's independent external auditor, the Auditor General provides unbiased, timely, and relevant information that the Legislature, Florida's citizens, public entity management, and other stakeholders can use to promote government accountability and stewardship and improve government operations. 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.

Our Organization

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** of this report.



While our Office headquarters is in Tallahassee, approximately half of our professional audit staff are assigned to various other locations throughout the State of Florida.

Our People

Delivering high-quality audit work products efficiently and effectively requires a competent, dedicated, and enthusiastic workforce. Many of our 360 full-time equivalent positions are held by audit professionals with various professional accounting and audit-related certifications. For example, as of October 31, 2015, our audit professionals included:

- ◆ 180 Certified Public Accountants.
- ◆ 18 Certified Information Systems Auditors.
- ◆ 13 Certified Fraud Examiners.

What We Do

Sections 11.42 and 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.

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.

Our Quality Control

Government Auditing Standards require us to undergo an independent review of our system of quality control at least once every 3 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 to *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.

Our 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 strategic 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.
- ◆ 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). To enhance their technical proficiency, our professional audit staff receive a minimum of 80 hours of continuing professional education (CPE) in every 2-year period. Some of the CPE sessions are led by specialist guest speakers or external subject experts, but we also recognize the importance of fostering the speaking and presentation skills of our own staff. Accordingly, we give our people the opportunity to present on topics within their areas of expertise.

Our strategic objectives are:

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	Timely conduct all engagements in a 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 Reports

Our audits and other accountability activities focus on executive branch (State) agencies, judicial branch entities, educational entities, local governmental entities, and certain other entities. A listing of all reports released during the period November 1, 2014, through October 31, 2015, is included in this report as ***EXHIBIT B***. An overview of our audits and other accountability activities completed during the period November 1, 2014, through October 31, 2015, begins on page 14 of this Annual Report. Copies of audit and other reports are available on our Web site 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.
- ◆ The media.
- ◆ Other interested parties.

RECOMMENDED STATUTORY AND FISCAL CHANGES

Various provisions of State 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.

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 discuss these recommendations with legislative members and staff. Contact information for the management staff referenced below is provided in **EXHIBIT D** of this report.

Policy Areas: Senate Education Pre-K - 12 House Education

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

Audit Report Number: 2014-090

Audit Director: James R. Stultz, 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: James R. Stultz, CPA

- **Scholarship Funding Organizations** – The Legislature should consider amending Sections 1002.385(14)(a) or 1002.395(6)(m), Florida Statutes, to clarify whether eligible nonprofit scholarship funding organizations participating in the Florida Personal Learning Scholarship Accounts and Florida Tax Credit Scholarship Programs are required to contract with an independent CPA firm for an annual financial audit.

Audit Manager: Marilyn D. Rosetti, 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 disasters 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 audits under the Federal Single Audit Act.

Audit Manager: Marilyn D. Rosetti, 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 (CRAs)** – 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 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:

- 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 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 Report Number: 2015-061

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 management systems and internal controls designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.

Deputy Auditor Generals: Gregory L. Centers, CPA, and Matthew J. Tracy, CPA

WORK PLAN

Types of Engagements

Various statutory provisions provide the framework for the development of our work plan. Pursuant to law, we perform four major types of audits – financial, operational, performance, and attestation examinations. Descriptions of these major types of engagements are presented below:

Financial Audits. Government managers are responsible for the stewardship of financial resources and for 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-133,¹ 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

¹ Audit requirements for entities with fiscal years beginning on or after December 26, 2014, are located in the OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Title 2, Part 200, Code of Federal Regulations).

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, 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 legislative staff 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 work plan that provides audit coverage of each entity during the 3-year cycle.

2015-16 Work Plan

Our 2015-16 Work Plan encompassed a wide variety of programs, activities, and functions administered by many entities. Some of the unique projects on our 2015-16 Work Plan included operational audits of CONNECT at the Department of Economic Opportunity; the oversight of foster care, substance abuse, and mental health services by the Department of Children and Families, selected community-based care lead agencies, and selected behavioral health managing entities; the Educational Dollars for Duty Program at the Department of Military Affairs; and the Florida Municipal Power Agency.

As a result of accounting and financial reporting changes in GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, we conducted a financial audit of the schedules of employer allocations of the Florida Retirement System defined benefit plan and the Retiree Health Insurance Subsidy Program defined benefit plan. We also provided a separate auditor's report on the FRS pension plan and other State-administered retirement systems financial statements and required note disclosures as prepared by the Department of Management Services, Division of Retirement.

An overview of our audits and other accountability activities completed during the period November 1, 2014, through October 31, 2015, begins on page 14 of this Annual Report. A listing of all reports released during the period November 1, 2014, through October 31, 2015, is included in this report as **EXHIBIT B**. Additionally, a listing of reports released or scheduled to be released subsequent to October 31, 2015, and by March 31, 2016, is included in this report as **EXHIBIT C**.

Projected 2-Year Work Plan for 2016-2017 and 2017-2018

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 2-year work plan identifying the audits and other accountability activities to be undertaken by the Auditor General. Our *Projected Work Plan* encompassing the work planned for 2016-2017 and 2017-2018 is included in this report as **EXHIBIT A**. As appropriate, modifications to the work plan may be made in response to law changes, legislative requests, and other considerations.

OVERVIEW OF AUDIT AND ACCOUNTABILITY ACTIVITIES

STATE GOVERNMENT

State Government Audit Impact Measures	
Total asset values upon which financial statement opinions were rendered	\$559 billion
Total revenues upon which financial statement opinions were rendered	\$194.6 billion
Total Federal awards expenditures for major programs audited ^a	\$31.9 billion
Total American Recovery and Reinvestment Act Federal award expenditures audited ^a	\$459 million
Total number of major Federal programs audited ^a	36
<hr/>	
Number of audit reports released	
Financial	4
Financial and Federal Awards	1
Operational ^b	<u>19</u>
Total number of audit reports released	<u>24</u>
Number of audit findings	235
<hr/>	
Number of findings identifying opportunities for cost recovery, savings, or loss avoidance	93
Total amount identified for cost recovery, savings, or loss avoidance	\$57.3 million
<hr/>	
^a Includes Federal awards expenditures and major Federal awards programs of State universities and State colleges.	
^b 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, 2014, 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, 2014*.

Our report on the audit of the State's financial statements included five findings involving internal control over financial reporting, including two material weaknesses² at one State agency and one significant deficiency³ at another State agency. The material weaknesses pertained to internal controls relevant to the completeness, accuracy, or classification of receivables, revenues, unavailable revenue, and expenditures. The significant deficiency pertained to the inability of a State agency to obtain all relevant data needed to calculate the allowance for uncollectibles account related to a receivables account balance. Our report on internal controls over financial reporting is included in our report, *State of Florida – Compliance and Internal Controls over Financial Reporting and Federal Awards* (report No. 2015-166).

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), State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), and Florida Retirement System Pension Plan and Other State-Administered Systems. In all three audits, we found that the respective financial statements were fairly presented in accordance with accounting principles generally accepted in the United States of America.

For the Lottery, we also examined internal control over financial reporting as of June 30, 2014, 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, 2014, based on the established criteria. However, 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 also conducted an audit of the schedules of employer allocations of the Florida Retirement System defined benefit plan and the Retiree Health Insurance Subsidy Program defined benefit plan (System Pension Plans) as of and for the fiscal years ended June 30, 2013, and 2014, and the related notes. This audit found that the schedules fairly presented, in all material respects, the employer allocations and net pension liability at June 30, 2013; net pension liability at June 30, 2014; total deferred outflows of resources; total deferred inflows of resources; and total pension expense/(income) for the total of all participating entities for the System Pension Plans as of and for the fiscal year ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

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

² 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.

³ 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.

approximately 590 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, 2014, are described in our report No. 2015-166.

We audited the State’s compliance with requirements governing the 36 Federal awards programs or program clusters that we identified as major Federal awards programs for the fiscal year ended June 30, 2014. Expenditures for these major programs comprised approximately 91 percent of the \$35 billion in total Federal awards expenditures reported by the State for the fiscal year ended June 30, 2014. Our Federal awards audit findings are tabulated by audit area in Table 1 and briefly summarized in the following paragraphs.

**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	-
Eligibility and Claims Payments	4	2	-
Expenditures and Supporting Documentation	3	2	1
Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting	2	2	N/A
Information Technology Internal Controls	8	5	13
Matching, Level of Effort, Earmarking	4	2	-
Medicaid Program Administration	4	2	N/A
Payroll Charges and Personnel Records	3	2	-
Record Systems and Reporting	7	5	-
Student Financial Aid Administration	19	N/A	9
Subawards and Monitoring	6	4	-
Unemployment Benefits and Tax Administration	2	1	N/A

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 six 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:

- Career and Technical Education – Basic Grants to States Program.

- ◆ Federal Transit Cluster.
- ◆ Homeland Security Grant Program.
- ◆ Rehabilitation Services – Vocational Rehabilitation Grants to States.
- ◆ Temporary Assistance for Needy Families.
- ◆ Unemployment Insurance.

Additionally, we reported material weaknesses in internal control over compliance⁴ for the following five programs:

- ◆ Federal Transit Cluster.
- ◆ Homeland Security Grant Program.
- ◆ Rehabilitation Services – Vocational Rehabilitation Grants to States.
- ◆ Temporary Assistance for Needy Families.
- ◆ Unemployment Insurance.

Other instances of noncompliance and internal control deficiencies were found at 10 State agencies, 7 State universities, and 11 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.

Operational Audits. During the period November 1, 2014, through October 31, 2015, we released 19 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; selected activities of the Commission for the Transportation Disadvantaged established within the Department of Transportation; selected inspection programs of the Department of Business and Professional Regulation and Department of Agriculture and Consumer Services; the regulation of health care professions by the Division of Medical Quality Assurance within the Department of Health; canteen operations of the Department of Corrections; activities and functions related to the State Long-Term Care Ombudsman Program administered by the Department of Elder Affairs; oversight of foster care, substance abuse, and mental health services by the Department of Children and Families, selected community-based care lead agencies, and selected behavioral health managing entities; procurement of the One-Stop Business Registration Portal by the Department of Revenue; the Educational Dollars for Duty Program administered by the Department of Military Affairs; Citizens Property Insurance Corporation; and the administration of nuclear power plant cost recovery and the Florida Energy Efficiency and Conservation Act by the Public Service Commission.

Many of our operational audit findings pertained to weaknesses in internal controls. Internal controls are those processes put in place by entity management to prevent and detect fraud, waste, abuse, and

⁴ 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.

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.

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	13	7
Construction and Related Activities	2	1
Contractual Services	3	2
Eligibility and Financial Assistance Payments	4	2
Expenditures and Disbursements	9	6
Financial Management and Record Keeping	6	2
Florida Single Audit Act	2	2
General Oversight or Governance	5	2
Information Technology Resources	35	11
Investigations	5	1
Licensing and Related Activities	4	1
Personnel and Payroll	5	2
Program Administration, Oversight, and Monitoring	40	7
Purchasing Practices	4	3
Regulatory Oversight and Monitoring	18	4
Revenue and Cash Collections	6	2
Risk Management	1	1
Safeguarding of Social Security Numbers	2	2

The results of several of our operational audits are summarized in the following paragraphs:

- ◆ **Department of Children and Families and Selected Community-Based Care Lead Agencies – Oversight of Foster Care and Related Services (Report No. 2015-156).** Pursuant to State law,⁵ the Department of Children and Families (DCF) contracts with Community-Based Care Lead Agencies (CBCs) to provide foster care and related services, including family preservation, residential group care, foster care, foster care supervision, independent living, and family reunification. The CBCs are to plan, administer, and coordinate the delivery of client services; ensure compliance with State laws, rules, and Federal regulations; compensate service providers; administer financial assistance payments to clients; and monitor subcontracts. The DCF provides Statewide program oversight, operates the State’s Abuse Hotline, conducts child protective investigations, and provides legal representation in court proceedings. As of September 2014, the DCF had 20 CBC contracts with 17 entities. As part of our audit, we selected and performed audit field work at 6 CBCs and the DCF. Our audit disclosed, among other things, that the DCF did not always adequately conduct, document, review, and report the results of CBC monitoring; CBC payments related to contracts, travel, food, entertainment, mortgage interest, and salaries were not always adequately supported or made in accordance with applicable laws, rules, contract terms, and policies; Florida Safe Families Network access controls, data entry procedures, and data reconciliation processes needed improvement; CBC subcontractor monitoring efforts needed improvement; and, improvements in CBC tangible personal property accountability were needed.
- ◆ **Department of Children and Families and Selected Behavioral Health Managing Entities – Oversight of Substance Abuse and Mental Health Services (Report No. 2015-155).** The DCF, Substance Abuse and Mental Health program, is responsible for licensing, regulating, financing, and contracting with service providers that play a significant role in the provision of substance abuse and mental health services. State law⁶ authorized the DCF to contract for the purchase and management of behavioral health services with community-based behavioral health managing entities (MEs). Each ME must demonstrate the ability of its network of providers to comply with the provisions of State law and to ensure the provision of comprehensive behavioral health services. We performed audit field work at four selected MEs and the DCF and our audit disclosed that DCF oversight of substance abuse and mental health services could be improved, specifically as it related to ME contract awards, the eligibility of MEs, and monitoring of MEs. In addition, our audit found that Substance Abuse and Mental Health Information System (SAMHIS) data reliability, data reconciliations, and access controls needed improvement. We also found ME salary payments for leave used and ME employee leave balances were not always supported or calculated accurately and that MEs did not always ensure the accuracy of SAMHIS data, document that subcontractor monitoring efforts were sufficient, or maintain accountability for tangible personal property.
- ◆ **Department of Transportation – Commission for the Transportation Disadvantaged, Road Ranger Service Patrol Program, and Selected Administrative Activities (Report No. 2015-058).** State law⁷ established the Commission for the Transportation Disadvantaged (Commission) within the Department of Transportation (DOT) and provides that the Commission is responsible for coordinating transportation services provided to the transportation disadvantaged. In addition, the DOT and its partners administer the Road Ranger Service Patrol Program (Road Ranger Program) to provide highway assistance services. Our audit disclosed that ineffective procedures and processes, and deficiencies in monitoring, contributed to the Commission’s noncompliance with governing laws and agreements, inaccurate reporting, and inadequate controls over sensitive Medicaid beneficiary information. In addition, our audit found, among other things, that monitoring efforts for Road Ranger Program contracts were not sufficient, payments were not

⁵ Section 409.986(1)(a), Florida Statutes.

⁶ Section 394.9082(4)(a), Florida Statutes.

⁷ Sections 427.012 and 427.013, Florida Statutes.

always supported by adequate documentation, and that the DOT had not conducted periodic user access privilege reviews for pertinent IT systems. We also noted that that the DOT's administration of and controls for professional services consultant qualifications, tangible personal property, and FLAIR access needed improvement.

- ◆ **Department of Elder Affairs – State Long-Term Care Ombudsman Program and Selected Administrative Activities (Report No. 2015-109).** Our operational audit of the Department of Elder Affairs (DEA) focused on the State Long-Term Care Ombudsman Program (SLTCOP) and selected administrative activities. Our audit found that the Office of the State Long-Term Care Ombudsman did not always document that complaint investigations were conducted in accordance with DEA rules and SLTCOP policies and procedures. In addition, our audit found, among other things, that complaints were not always timely investigated, ombudsmen were not always subject to required background screenings and did not always complete required training, pertinent system controls needed improvement, and travel expenditures were not always necessary and reasonable and adequately supported. We also noted that selected DEA IT controls and controls over the collection of social security numbers needed enhancement.
- ◆ **Department of Revenue – One-Stop Business Registration Portal, Child Support Enforcement Customer Contact Center, and Selected Administrative Activities (Report No. 2015-194).** Our operational audit of the Department of Revenue (DOR) focused on the procurement of the One-Stop Business Registration Portal (OBRP), the Child Support Enforcement Customer Contact Center (CSE CCC), and selected administrative activities. Our audit disclosed that the OBRP contractor selection process did not include an evaluation of complete and comparable proposed vendor costs and was not always conducted in accordance with ITN requirements and that controls for tracking CSE CCC customer complaints, providing required statistical data on customer complaints, and ensuring call agent performance was monitored needed improvement. We also noted that employee training, IT user access privilege, and Florida Single Audit Act controls needed enhancement.
- ◆ **Department of Military Affairs – Educational Dollars for Duty Program, Administration of Selected Activities, and Prior Audit Follow-Up (Report No. 2016-008).** State law⁸ specifies that the Department of Military Affairs (DMA) is to develop an education assistance program for members in good standing of the Florida National Guard who enroll in an authorized course of study. Our audit found that DMA controls for the administration of the Educational Dollars for Duty Program needed improvement. Our audit also included an evaluation of non-appropriated enterprise fund activities, construction project administration, and other administrative activities. Our audit found, among other things, that DMA's administration of Camp Blanding Joint Training Center activities did not always ensure economic and efficient operations or compliance with applicable laws, rules, and other guidelines; that improvements were needed in DMA's oversight of construction management projects and related contracts; and that DMA purchasing card, Florida Single Audit Act, and motor vehicle controls needed enhancement.

A listing of all State Government audit reports released during the period November 1, 2014, through October 31, 2015, is included in [EXHIBIT B](#) of this Annual Report.

⁸ Section 250.10(7) and (8), Florida Statutes.

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 Full-Time Equivalent (FTE) Students and Student Transportation funding allocations. An overview of our audit activities is included on the following pages.

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FLORIDA EDUCATION FINANCE PROGRAM.....	27
STATE UNIVERSITIES AND STATE COLLEGES.....	29
OTHER EDUCATIONAL ENTITIES AND PROGRAMS	32

SCHOOL DISTRICTS

School Districts Audit Impact Measures	
Total asset values upon which financial statement opinions were rendered	\$15.7 billion
Total revenues upon which financial statement opinions were rendered	\$9.2 billion
Total Federal awards expenditures for major programs audited	\$452.5 million
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Number of audit reports released	
Financial, Federal Awards, and Operational	40
Financial and Federal Awards	7
Operational	<u>10</u>
Total number of audit reports released	<u>57</u>
Number of audit findings	509
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Number of findings identifying opportunities for cost recovery, savings, or loss avoidance	204
Total amount identified for cost recovery, savings, or loss avoidance	\$22.4 million
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Financial Statements. We audited the financial statements of 47 school districts for the fiscal year ended June 30, 2014. 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 material weaknesses⁹ at 2 school districts and significant deficiencies¹⁰ at 11 school districts. The material weaknesses involved deficient internal controls over the school internal fund collections and the need for improved monitoring of charter school financial activities. The significant deficiencies included inappropriate financial reporting, bank reconciliation and budgetary control processes, and other deficiencies.

⁹ 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.

¹⁰ 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.

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 four. School districts spent \$50.9 million of funds provided pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA) for the 2013-14 fiscal year, which is \$50 million less than the \$100.9 million spent for the 2012-13 fiscal year. In summary, our audits of the various major Federal awards programs at school districts disclosed that:

- Five school districts did not comply with requirements considered material to one or more major Federal awards programs, resulting in material noncompliance and material weaknesses¹¹ in internal control over Federal awards programs findings and qualified opinions on those programs.
- Seventeen school districts had deficiencies in internal controls over compliance with Federal awards requirements, which resulted in 26 significant deficiency¹² findings. These 17 school districts were cited for deficiencies in documenting personnel costs, approving and documenting expenditures of Federal funds, determining eligibility and performing verification of free and reduced price meal students, calculating indirect costs, and other areas.
- Ten school districts were cited in 18 findings that identified Federal awards 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 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. If the applicable grantor disallows questioned costs, a school district may have to repay the costs from non-Federal sources.

Operational Audits. We conducted operational audit procedures for 49 school districts and considered the school districts' performance with respect to a variety of areas including internal control systems and specific laws or General 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 Department of Education (DOE), virtual instruction programs (VIPs), 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.

¹¹ 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.

¹² A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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	14	13
Adult General Education Course Hours Reporting	20	20
Board Policies and Actions	1	1
Capital Assets, Equipment, and Inventory	9	7
Cash and Cash Collections	13	13
Charter Schools	3	3
Construction and Related Activities	21	9
Direct-Support Organization Audits	4	4
Electronic Funds Transfers	6	6
Expenditures and Disbursements	1	1
Facilities	2	2
Federal Awards	38	21
Financial Management and Budgetary Internal Controls	25	17
Financial Reporting	12	12
Food Service Operations	4	4
Information Technology Internal Controls	83	35
Insurance	40	36
Investments	2	2
Personnel and Payroll	54	35
Purchasing Practices and Contractual Services	55	43
Restricted Resources	4	4
Virtual Instruction Programs	93	36
Workforce Development Funds	5	5

Our findings for some of the audit areas are briefly described in the following paragraphs:

- ◆ **Purchasing Practices and Contractual Services** – For 43 school districts, our audits disclosed that improvements were needed in internal controls over certain purchasing practices. We noted instances in which the procurement process could be strengthened by using a competitive selection process for certain professional services and competitively procuring computer hardware and enterprise resource software. Improvements could also be made in the payment process to ensure that documentation that services had been received in accordance with the contract is maintained. We also noted that internal controls over purchasing card programs at certain school districts could be enhanced. Amounts identified for cost recovery, savings, or loss

avoidance related to the purchasing practices and contractual services audit findings ranged from \$8,000 to \$836,000.

- **Virtual Instruction Programs (VIPs)** – At 36 school districts, we noted that internal controls over 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, student eligibility, and compulsory student attendance.
- **Insurance** – At 36 school districts, we reported that internal controls over various insurance programs could be improved. Procedures could be enhanced to require verification of eligibility of individuals covered by the health insurance plans of certain school districts. We also noted inadequate monitoring of claims payments processed and excess insurance reimbursements received by a school district service agent. The net position of two school districts' self-insurance health plans was not properly monitored and insurance providers were not always competitively selected. Amounts identified for cost recovery, savings, or loss avoidance related to the insurance audit findings ranged from \$23,000 to \$536,000.
- **Personnel and Payroll** – Our audits disclosed that 35 school districts needed to enhance internal controls over the administration of personnel and payroll. For example, we reported on insufficient monitoring of bus driver qualifications, incomplete payroll records, the lack of timely employee background screenings, employment agreements including severance pay provisions that did not appear to be consistent with State law,¹³ and the lack of a documented process to identify instructional personnel entitled to differentiated pay using factors prescribed in State law.¹⁴
- **Information Technology Internal Controls** – For 35 school districts, we reported that enhancements were needed regarding information technology (IT) internal controls for financial and related systems. Examples of needed enhancements 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, disaster recovery, and security incident response.
- **Adult General Education Course Hours Reporting** – Our audits disclosed that 20 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, the use of incorrect withdrawal dates, and programming and oversight errors.
- **Financial Management and Budgetary Internal Controls** – At 17 school districts, we reported that enhancements were needed in internal controls over financial management and budgetary internal controls. We reported financial condition deficiencies, financial records management issues, and budgetary control and transparency issues.
- **Cash and Cash Collections** – For 13 school districts, our audits disclosed various deficiencies in internal controls over cash and cash collections. Improvements in internal controls were also needed for the bank reconciliation process, school food service collections, and the assessment and collection of facility use fees.

¹³ Section 215.425(4)(a), Florida Statutes.

¹⁴ Section 1012.22(1)(c)4.b., Florida Statutes.

- ◆ **Ad Valorem Tax Program and Capital Outlay** – For 13 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 \$32,900 to \$1,490,000 for purposes contrary to State law.¹⁵ Such purposes included unallowable salaries and benefits, groundskeeping costs, software applications, vehicle maintenance salaries, and vehicle repair parts. School districts that violate the expenditure restrictions of State law may have an equal dollar reduction in the Florida Education Finance Program funds appropriated to the school district in the fiscal year following the audit. We also noted instances in which, contrary to State law,¹⁶ certain school districts retained unobligated State capital outlay appropriations and that 1 school district's records did not evidence that fuel tax refunds were used for authorized purposes.
- ◆ **Financial Reporting** – At 12 school districts, we noted instances in which financial reporting procedures could be improved to ensure that account balances and transactions are properly reported. In addition, we reported that certain school districts did not obtain the required actuarial valuation for other postemployment benefit obligations and that 1 school district submitted its annual financial report to the DOE 134 days late. We noted that 1 school district's records could be enhanced to provide a basis for fund balance classifications of workforce education program funds unspent at fiscal year-end and to demonstrate compliance with legal restrictions relating to the use of such funds.

A listing of all school district audit reports released during the period November 1, 2014, through October 31, 2015, is included in [EXHIBIT B](#) of this Annual Report.

¹⁵ Section 1011.71, Florida Statutes.

¹⁶ Section 216.301(2), Florida Statutes.

FLORIDA EDUCATION FINANCE PROGRAM

**Florida Education Finance Program (FEFP)
FTE Students and Student Transportation
Audit Impact Measures**

Total FTE reported upon which compliance opinions were rendered	1,115,302
Total FTE funding for entities examined	\$3.2 billion
Total Student Transportation funding for entities examined	\$209 million
<hr/>	
Number of compliance examination reports released	
School Districts	29
Developmental Research Schools	<u>1</u>
Total number of reports released	<u>30</u>
<hr/>	
Number of reports disclosing material noncompliance	28

For the 2012-13 and 2013-14 fiscal years, net State FEFP funding (net of local school district funding) totaled approximately \$6.4 billion and \$7.4 billion, respectively, including Student Transportation funding. During the period November 1, 2014, through October 31, 2015, we completed examinations of the records of 7 school districts and 1 university-affiliated developmental research school for the fiscal year ended June 30, 2013, and 22 school districts for the fiscal year ended June 30, 2014. These examinations were conducted to evaluate compliance with State requirements governing the determination and reporting of full-time equivalent (FTE) students and students transported under the FEFP. Our examinations disclosed that 27 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), and Career Education 9-12 On-the-Job Training (OJT) Programs.

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	28
Teacher Qualifications	11
Ridership Classification and Funding Eligibility of Transported Students	9

Regarding the FTE students, our examinations disclosed reporting errors or records that were not properly or accurately prepared or were not available at the time of our examination and could not be subsequently 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, teachers' out-of-field assignments were not approved by the school board, parents were not notified regarding the 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. Material noncompliance regarding student transportation involved students' reported ridership classification or eligibility for State transportation funding.

The DOE is responsible for resolving proposed adjustments reported in our examination reports 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, 2014, through October 31, 2015, is included in [EXHIBIT B](#) of this Annual Report.

STATE UNIVERSITIES AND STATE COLLEGES

Total asset values upon which financial statement opinions were rendered	\$30 billion
Total revenues upon which financial statement opinions were rendered	\$16.1 billion
Total Federal awards expenditures for major programs audited	\$4.4 billion
<hr/>	
Number of audit reports released	
Financial	39
Operational	<u>10</u>
Total number of audit reports released	<u>49</u>
Number of audit findings	60
<hr/>	
Number of findings identifying opportunities for cost recovery, savings, or loss avoidance	24
Total amount identified for cost recovery, savings, or loss avoidance	\$53.5 million

Financial Statements. During the period November 1, 2014, through October 31, 2015, we completed audits of the financial statements of 12 State universities and 27 State colleges 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.

We reported an additional matter finding in the audit report of the financial statements at one State college for the 2013-14 fiscal year. The finding pertained to separation benefits totaling \$3 million paid to 46 employees that exceeded the State law¹⁷ threshold by \$1.8 million. Our financial audit finding is 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 Single Audit of the State of Florida. 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

¹⁷ Section 215.425(4)(a), Florida Statutes.

State of Florida begins on page 15 and the related findings are listed by audit area in Table 1 on page 16.

Operational Audits. During the period November 1, 2014, through October 31, 2015, we released operational audit reports for three State universities and seven State colleges for the 2013-14 fiscal year.

Our operational audits focused on several areas involving Board oversight, such as policies regarding employment agreements and compensation. Our audits also encompassed internal controls over numerous operational areas and compliance with applicable Florida Statutes and other requirements. For example, we tested selected IT internal controls, the assessment and use of tuition fees, construction and related activities, procurement practices, textbook affordability, and internal controls over the administration of payroll and personnel.

Our audit findings disclosed in reports released during the period November 1, 2014, through October 31, 2015, are tabulated by audit area in Table 5.

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	1	1
Collection of Protected Information	2	2
Construction and Related Activities	1	1
Electronic Payments and Funds Transfers	1	1
Expenditures and Disbursements	6	5
Financial Management	1	1
Information Technology Internal Controls	16	9
Insurance	4	3
Internal Audit Function	1	1
Personnel and Payroll	15	8
Purchasing Practices and Contractual Services	5	5
Reporting to State Oversight Officials	1	1
Textbook Affordability	2	2
Tuition and Fees	4	3

Some findings that were reported at several State universities or State colleges are summarized in the following paragraphs:

- ◆ **Information Technology Internal Controls** – For nine institutions, we reported that enhancements were needed regarding IT internal controls for financial and related systems.

Examples of recommended enhancements to IT internal controls included timely removing IT access privileges of former employees, restricting IT access privileges to only those needed to perform assigned job duties, improving user authentication and data loss prevention internal controls, logging and monitoring of significant system activity, improving the security awareness program, and developing and testing a formal written disaster recovery plan.

- **Personnel and Payroll** – For eight institutions, improvements were needed in the administration of personnel and payroll functions. For example, we reported that four institutions needed to implement procedures to ensure documented supervisory review and approval of exempt employees' work time. We also noted that three institutions included provisions regarding severance pay in employment agreements or made severance payments that were not consistent with the requirements of State law. Amounts identified for cost recovery, savings, or loss avoidance related to the personnel and payroll audit findings ranged from \$9,000 to \$1,800,000.
- **Purchasing Practices and Contractual Services** – For five institutions, improvements were needed in internal controls over certain purchasing practices. We noted that procedures to ensure that potential conflicts of interest are identified and evaluated needed to be strengthened. We also noted that internal controls over purchasing card procedures needed enhancement.
- **Expenditures and Disbursements** – For five institutions, we reported that enhancements were needed in controls over certain expenditures. For example, records for one institution did not evidence the necessity of holding a retreat at a local resort 24 miles from its main campus. Also, without specific statutory authority, four institutions made disbursements directly to institutional direct-support organizations (DSOs) and one institution permitted royalty fees totaling \$35 million owed to the institution to be disbursed by a third-party directly to a DSO. Amounts identified for cost recovery, savings, or loss avoidance related to the expenditures and disbursements audit findings ranged from \$11,000 to \$35,000,000.

A listing of all State university and State college audit reports released during the period November 1, 2014, through October 31, 2015, is included in [EXHIBIT B](#) of this Annual Report.

OTHER EDUCATIONAL ENTITIES AND PROGRAMS

Florida Virtual Campus. We audited the Florida Virtual Campus' financial statements and compliance with laws of potential material impact on the financial statements for the fiscal year ended June 30, 2014. The assets and revenues of the Florida Virtual Campus upon which we rendered our opinion totaled \$16.3 million and \$25 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, 2014, in accordance with accounting principles generally accepted in the United States of America. Effective July 1, 2014, Chapter 2014-56, Laws of Florida, deleted provisions of Section 1006.73, Florida Statutes, which established the Florida Virtual Campus and transferred all records, personnel, property, pending issues, and unexpended balances of appropriations, allocations, and other funds of the Florida Virtual Campus to the University of West Florida, a component unit of the State of Florida.

A listing of all audit reports released during the period November 1, 2014, through October 31, 2015, is included in **EXHIBIT B** 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 12 IT operational audits during the period November 1, 2014, through October 31, 2015. These audits encompassed critical or complex systems or processes at 10 State agencies; the Northwest Regional Data Center (NWRDC) at Florida State University; the North East Florida Educational Consortium (NEFEC); and two virtual instruction program providers, Edmentum, Inc. and K12, Inc. These systems and processes included:

- ◆ The Project Cost Management Subsystem (PCM) (a subsystem of the Department of Transportation's [DOT] Financial Management System and the DOT's primary interface with the Florida Accounting Information Resource Subsystem).
- ◆ Surplus computer hard drive disposal processes for selected State agencies.
- ◆ The Cash Management Subsystem (CMS) (a subsystem of the Florida Financial Management Information System) and the Investment Accounting System (IAS) (used by the State Treasury to account for all investments made by the State Treasury).
- ◆ Data center operations at the NWRDC.
- ◆ CONNECT (a Web-based claims management system used by the Department of Economic Opportunity for all Reemployment Assistance Program functions).
- ◆ The Automated Investigation Management System (AIM) (used by the Division of Public Assistance Fraud within the Department of Financial Services to receive, track, and review referrals; store case background information; and assign and document fraud investigations).
- ◆ The Juvenile Justice Information System (JJIS) (a Web-based system used by the Department of Juvenile Justice and other parties to track juveniles through the juvenile justice process).
- ◆ Virtual instruction programs (VIPs) at two VIP providers, Edmentum, Inc. and K12, Inc. that provide virtual instruction services to Florida school districts.

- The Florida Voter Registration System (FVRS) (Florida’s Statewide voter registration list, a database maintained by the Department of State).
- The Florida Online Recipient Integrated Data Access (FLORIDA) System (used in eligibility determination and benefit issuance for public assistance programs) and the Automated Community Connection to Economic Self-Sufficiency (ACCESS) Management System (AMS) (used to track assignments and the progress of work items within the FLORIDA System).
- The Integrated Retirement Information System (IRIS) (used by the Division of Retirement within the Department of Management Services to support the functions required to provide retirement services).
- NEFEC Educational Technology Services (an auxiliary operation of the Putnam County District School Board and a regional, nonprofit, educational service agency composed of 15 member districts that provides a variety of data center services including hardware and software hosting, application support, disaster recovery, and data and system backups to the member districts).

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. Many 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.

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

Control Area	Number of Findings	Number of Entities
Business Process	29	5
Application-Level General	22	9
Security Management	11	10
Access	12	7
Contingency Planning	5	4
Configuration Management	2	2

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.
- Inadequate data quality controls.
- Insufficient logging and monitoring of system activity.
- Inadequate internal controls over program change management.

- ◆ Inadequate business process internal controls.
- ◆ 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 communicated to entity management and frequently involved multiple security control deficiencies relating to various topics such as appropriateness of access privileges, user authentication, logging and monitoring, data storage and transmission, software support, separation of duties, and protection of confidential and exempt information.

Educational Entities. During the period November 1, 2014, through October 31, 2015, 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 review of assigned access privileges, inadequate IT risk assessment, and inadequate security awareness training. 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, user authentication, logging and monitoring, and data loss prevention planning. 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 beginning on page 23 and for State university and State college operational audits beginning on page 30.)

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, and range reports for our audit staff. CAATs services also include a variety of queries and other analyses on the data that can identify unexpected or unexplained patterns in data that may indicate fraud. With data volumes growing, the use of CAATs leads to increased audit coverage, more thorough and consistent analysis of data, and reduction in risk. All this is done in a fraction of the time required with manual methods.

In addition, custom computer application systems are maintained by IT support staff to support numerous audit activities. Examples include applications for our audit working papers to electronically document audit work performed and 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, 2014, through October 31, 2015, is included in **EXHIBIT B** of this Annual Report.

OTHER AUDITS AND ACCOUNTABILITY ACTIVITIES

LOCAL GOVERNMENT AUDITS

Northwest Florida Water Management District. Examples of findings from our operational audit included:

- ◆ Inadequate separation of the duties for the permit fee collection and recordkeeping functions and a lack of appropriate compensating controls.
- ◆ Bonuses paid totaling \$259,000 without Board approval and a lack of timely notification to employees of the basis for the prospective bonuses.
- ◆ A lack of documentation of the basis for selecting a firm for audit services that was not the highest-ranked qualified firm.

Follow-Up Procedures. Section 11.45(2)(j), Florida Statutes, requires the Auditor General 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 audits to determine the extent to which the following entities had corrected, or were in the process of correcting, findings disclosed in our previous reports:

- ◆ **Okaloosa County Board of County Commissioners (BCC) and Clerk of the Circuit Court (CCC)** – Our follow-up audit disclosed that, of the 21 findings and recommendations contained in our report No. 2014-068, the BCC's and CCC's actions corrected 13 findings, partially corrected 5 findings, and did not correct 2 findings; however, the BCC took no corrective action regarding 1 finding.
- ◆ **Okaloosa County Board of County Commissioners' Oversight of the Tourist Development Council and Use of Tourist Development Taxes and Funds Received from British Petroleum** – Our follow-up audit disclosed that, of the 25 findings included in our report No. 2013-085, the BCC's, CCC's, and Tourist Development Council's actions corrected 13 findings and partially corrected 10 findings; however, the BCC had no occasion to correct 1 finding and took no corrective action regarding 1 finding.
- ◆ **City of Hollywood (City) and Hollywood Community Redevelopment Agency (CRA)** – Our follow-up audit disclosed that, of the 13 findings included in our report No. 2013-093, the City's and CRA's actions corrected 6 findings, partially corrected 5 findings, and did not correct 1 finding; however, the City had no occasion to correct 1 finding.

OTHER AUDITS

Florida Municipal Power Agency. The Florida Municipal Power Agency (FMPA) is a Joint Use Action Agency (JAA) created in 1978 pursuant to a series of interlocal agreements with Florida municipalities under the authority of Sections 163.01 (Florida Interlocal Cooperation Act of 1969) and 361.10 (Joint Power Act), Florida Statutes. Although the FMPA is a governmental entity, many of the laws applicable to local governments, including municipalities, do not apply to the FMPA. Further, unlike investor-owned utilities, the FMPA is not subject to any rate-setting authority by the Florida Public Service Commission. The FMPA finances, acquires, contracts, manages, and operates its own electric power projects or jointly accomplishes the same purposes with other public or private utilities. Findings from our operational audit of the FMPA included:

- ◆ The FMPA's fuel hedging practices, investments in natural gas exploration and drilling, and employment of interest rate swaps were not always consistent with the industry practices of other comparable JAAs. For example, investments in natural gas exploration and drilling were more complex and involved more risk than alternative forms of hedging commonly practiced and certain interest rate swaps were employed that may result in the FMPA incurring significant termination fees.
- ◆ The FMPA's investment policy did not clearly identify the allowable investment credit ratings and investment geographic diversification requirements.
- ◆ Internal control deficiencies existed relating to personnel and payroll administration, procurement of goods and services, travel policies and procedures, and All Requirements Project contract provisions.

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 on the Auditor General Web site. Additionally, the Auditor General provides guidelines for reviewing audit reports of charter schools, charter technical career centers, school districts, and local governments. The Auditor General also 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 other 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.
- ◆ 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.¹⁸
- ◆ 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.¹⁹
- ◆ 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.
- ◆ Met one or more of the conditions specified in Section 218.503(1), Florida Statutes.²⁰

We are also required to notify the President of the Senate, the Speaker of the House of Representatives, and the Department of Financial Services, of all charter schools, charter technical career centers, school districts, State universities, State colleges, and water management districts that have failed to comply with statutory transparency requirements.

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 four OIGs during the period November 1, 2014, through October 31, 2015.

¹⁸ For special districts, we are also required to notify the Department of Economic Opportunity.

¹⁹ 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.

²⁰ 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.

For two of the four OIGs, we found the quality assurance program related to the OIGs' internal audit activity was adequately designed and complied with during the review period July 2013 through June 2014 to provide reasonable assurance of conformance with applicable professional auditing standards. However, we also noted that:

- ◆ The Department of Military Affairs (DMA) OIG did not document compliance with all applicable professional auditing standards. Specifically, the DMA OIG did not document compliance with planning standards related to developing a documented risk assessment and documenting the scope of the engagement in relationship to the engagement objectives. We also noted instances in which the DMA OIG did not demonstrate compliance with those provisions of Section 20.055, Florida Statutes, which govern internal audit activities.
- ◆ The Department of Veterans' Affairs (DVA) OIG did not document compliance with all applicable professional auditing standards for engagements. Specifically, the DVA OIG did not document compliance with reporting standards related to the communication of the engagement results. In addition, in some instances, the DVA OIG did not demonstrate compliance with the internal audit activity provisions of Section 20.055, Florida Statutes, related to the preparation and distribution of audit reports.

For two of the four OIGs, we found the quality assurance program related to the OIGs' internal audit activity was adequately designed and complied with during the review period July 2013 through June 2014 to provide reasonable assurance of conformance with applicable professional auditing standards. However, while not material to overall conformance to professional auditing standards, we noted that:

- ◆ The Department of Citrus (Citrus) OIG could improve its charter by clearly establishing the authority of the Citrus OIG, recognizing all the elements required by the *International Standards for the Professional Practice of Internal Auditing*, and clarifying the Citrus OIG's reporting lines.
- ◆ The Agency for Persons with Disabilities (APD) OIG should specify in its Annual Risk Assessment and Work Plan the resources to be devoted to planned projects and develop a mechanism to track time spent on the APD OIG's various activities.

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. 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, committees, and work groups.

A listing of audit reports and reports on other accountability activities released during the period November 1, 2014, through October 31, 2015, is included in **EXHIBIT B** of this Annual Report.

ANNUAL REPORT EXHIBITS

EXHIBIT A is our projected work plan for 2016-2017 and 2017-2018 and, as additional information, we have included three other exhibits to this Annual Report:

<p>EXHIBIT A <i>Projected Work Plan for 2016-17 and 2017-18</i></p>	<p>EXHIBIT A represents our Projected Two-Year Work Plan for the 2016-17 and 2017-18 fiscal years based on our analyses as of November 30, 2015. 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 11 through 13.</p>	<p>Pages 41 - 44</p>
<p>EXHIBIT B <i>Reports Released During the Period November 1, 2014, Through October 31, 2015</i></p>	<p>EXHIBIT B 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.</p>	<p>Pages 45 - 50</p>
<p>EXHIBIT C <i>Reports Released or Scheduled to Be Released Subsequent to October 31, 2015, and By March 31, 2016</i></p>	<p>EXHIBIT C provides information on audit activities completed or in progress subsequent to the October 31, 2015, cutoff date for this Annual Report. We post reports to our Web site www.myflorida.com/audgen/ as the reports are issued.</p>	<p>Pages 51 - 52</p>
<p>EXHIBIT D <i>Auditor General Contact Information</i></p>	<p>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.</p>	<p>Page 53</p>

EXHIBIT A

PROJECTED WORK PLAN 2016 – 2017

◆ **Financial Audits (Fiscal Year Ending 6-30-2016):**

- *Department of the Lottery*
- *Florida Retirement System Pension Plan and Other State-Administered Systems*
 - *Schedules of Employer Allocations and Pension Amounts by Employer*
- *Local Government Surplus Funds Trust Fund*
- *School Districts, including Audit of Federal Awards*
- *State of Florida Reporting Entity, including Audit of Federal Awards*
- *State Colleges*
- *State Universities*

◆ **Operational and Performance Audits:**

- *Agency for Health Care Administration*
- *Agency for Persons with Disabilities*
- *Agency for State Technology*
- *Clerk of Courts Operations Corporation*
- *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 Management Services – Division of Retirement Integrated Retirement Information System (IRIS) – Information Technology Audit*
- *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*

EXHIBIT A

PROJECTED WORK PLAN 2016 – 2017

◆ Operational and Performance Audits (Continued):

- *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*
- *St. Johns River Water Management District*
- *Sunshine Water Control District*
- *Suwannee River Water Management District*
- *State Colleges*
- *State Universities*

◆ Florida Education Finance Program Examinations (Fiscal Year Ending 6-30-2016):

- *School Districts*

◆ 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*

EXHIBIT A

PROJECTED WORK PLAN 2017 – 2018

◆ **Financial Audits (Fiscal Year Ending 6-30-2017):**

- *Department of the Lottery*
- *Florida Retirement System Pension Plan and Other State-Administered Systems*
 - *Schedules of Employer Allocations and Pension Amounts by Employer*
- *Local Government Surplus Funds Trust Fund*
- *School Districts, including Federal Awards*
- *State of Florida Reporting Entity, including Federal Awards*
- *State Colleges*
- *State Universities*

◆ **Operational and Performance Audits:**

- *Agency for Health Care Administration*
- *Board of Governors*
- *Department of Agriculture and Consumer Services*
- *Department of Business and Professional Regulation*
- *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 Management Services – Division of Retirement Integrated Retirement Information System (IRIS) – Information Technology Audit*
- *Department of Military Affairs*
- *Department of the Lottery*
- *Department of Veterans' Affairs*
- *Fish and Wildlife Conservation Commission*
- *Florida Bright Futures Scholarship Program*
- *Information Technology Audits of Selected Major Systems*
- *Judicial-Related Entities*

EXHIBIT A

PROJECTED WORK PLAN 2017 – 2018

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

- *Local Governmental Entities (Selected)*
- *Local Government Financial Reporting System*
- *Office of Early Learning*
- *Primary Data Centers – Cost Allocation Processes*
- *Primary Data Centers – Information Technology Audits*
- *Scholarship Funding Organizations*
- *School Districts*
- *South Florida Water Management District*
- *Southwest Florida Water Management District*
- *State Board of Administration*
- *State Colleges*
- *State Universities*
- *Triumph Gulf Coast, Inc.*

◆ **Florida Education Finance Program Examinations (Fiscal Year Ending 6-30-2017):**

- *School Districts*

◆ **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 (14)*
- *Technical Advice and Rule and Guideline Maintenance*

EXHIBIT B
Reports Released During the Period
November 1, 2014, Through October 31, 2015

Report Number	Audited Entity and Report Title	Report Release Date
State Government		
2015-045	Agency for Health Care Administration - Financial Management - Operational Audit	11/18/2014
2015-182	Department of Agriculture and Consumer Services - Selected Inspection Programs - Operational Audit	04/21/2015
2015-066	Department of Business and Professional Regulation - Selected Inspection Programs - Operational Audit	12/18/2014
2016-007	Department of Children and Families - Florida Online Recipient Integrated Data Access (FLORIDA) System - Information Technology Operational Audit	08/04/2015
2016-004	Department of Children and Families - Prior Audit Follow-Up - Operational Audit	07/27/2015
2015-155	Department of Children and Families and Selected Behavioral Health Managing Entities - Oversight of Substance Abuse and Mental Health Services - Operational Audit	03/24/2015
2015-156	Department of Children and Families and Selected Community-Based Care Lead Agencies - Oversight of Foster Care and Related Services - Operational Audit	03/26/2015
2015-087	Department of Corrections - Canteen Operations and Prior Audit Follow-Up - Operational Audit	01/22/2015
2015-107	Department of Economic Opportunity - CONNECT - Information Technology Operational Audit	02/25/2015
2015-109	Department of Elder Affairs - State Long-Term Care Ombudsman Program and Selected Administrative Activities - Operational Audit	02/27/2015
2015-181	Department of Financial Services - Automated Investigation Management System (AIM) - Information Technology Operational Audit	04/15/2015
2015-096	Department of Financial Services - Investment Accounting System (IAS) and Cash Management Subsystem (CMS) - Information Technology Operational Audit	02/06/2015
2016-014	Department of Health - Biomedical Research Program Prior Audit Follow-Up - Operational Audit	09/03/2015
2015-119	Department of Health - Regulation of Health Care Professions - Operational Audit	03/05/2015
2015-190	Department of Juvenile Justice - Juvenile Justice Information System (JJIS) - Information Technology Operational Audit	06/03/2015
2016-018	Department of Management Services - Division of Retirement Integrated Retirement Information System (IRIS) - Information Technology Operational Audit	09/16/2015
2015-104	Department of Management Services - Statewide Law Enforcement Radio System and Prior Audit Follow-Up - Operational Audit	02/23/2015
2016-008	Department of Military Affairs - Educational Dollars for Duty Program - Administration of Selected Activities and Prior Audit Follow-Up - Operational Audit	08/25/2015
2015-194	Department of Revenue - One-Stop Business Registration Portal, Child Support Enforcement Customer Contact Center, and Selected Administrative Activities - Operational Audit	06/23/2015
2016-002	Department of State - Florida Voter Registration System (FVRS) - Information Technology Operational Audit	07/20/2015
2015-092	Department of the Lottery - Financial Audit	01/28/2015
2015-058	Department of Transportation - Commission for the Transportation Disadvantaged, Road Ranger Service Patrol Program, and Selected Administrative Activities - Operational Audit	12/09/2014
2015-039	Department of Transportation - Project Cost Management Subsystem (PCM) - Information Technology Operational Audit	11/12/2014
2016-027	Department of Veterans' Affairs - Operational Audit	10/29/2015
2015-081	Fish and Wildlife Conservation Commission - Revenue Collection Processes and Selected Administrative Activities - Operational Audit	01/12/2015

EXHIBIT B
Reports Released During the Period
November 1, 2014, Through October 31, 2015

Report Number	Audited Entity and Report Title	Report Release Date
State Government – Continued		
2015-110	Florida Retirement System Pension Plan and Other State-Administered Systems - Financial Audit	02/27/2015
2015-101	Florida State University Northwest Regional Data Center - Data Center Operations - Information Technology Operational Audit	02/16/2015
2015-061	Justice Administrative Commission; Offices of the State Attorneys, Third, Fifth, and Sixth Judicial Circuits; Offices of the Public Defenders, Third and Sixteenth Judicial Circuits; and Offices of the Criminal Conflict and Civil Regional Counsel - Operational Audit	12/11/2014
2016-022	Public Service Commission - Nuclear Power Plant Cost Recovery - Florida Energy Efficiency and Conservation Act and Selected Administrative Activities - Operational Audit	10/19/2015
2016-021	Schedules of Employer Allocations and Pension Amounts by Employer For the Florida Retirement System Pension Plan and The Retiree Health Insurance Subsidy Program Cost-Sharing Multiple Employer Defined Benefit Pension Plans - Financial Audit	10/09/2015
2015-054	State Board of Administration - Local Government Surplus Funds Trust Fund - (Florida PRIME) (An External Investment Pool) - Financial Audit	12/03/2014
2015-083	State Board of Administration - Selected Administrative Activities - Operational Audit	01/13/2015
2015-166	State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards ^a	03/30/2015
2015-052	Surplus Computer Hard Drive Disposal Processes at Selected State Agencies - Information Technology Operational Audit	12/01/2014
2015-196	Virtual Instruction Program Providers Edmentum, Inc. and K12, Inc. - Prior Audit Follow-Up on Information Technology Controls - Information Technology Operational Audit	06/29/2015
School Districts		
2016-025	North East Florida Educational Consortium - Educational Technology Services - Information Technology Operational Audit	10/21/2015
2015-112	Baker County District School Board - Financial, Operational, and Federal Single Audit	03/02/2015
2015-147	Bay County District School Board - Financial, Operational, and Federal Single Audit	03/20/2015
2015-138	Bradford County District School Board - Financial, Operational, and Federal Single Audit	03/17/2015
2015-098	Calhoun County District School Board - Financial, Operational, and Federal Single Audit	02/10/2015
2015-149	Citrus County District School Board - Financial, Operational, and Federal Single Audit	03/20/2015
2015-067	Columbia County District School Board - Financial, Operational, and Federal Single Audit	12/18/2014
2015-157	DeSoto County District School Board - Financial, Operational, and Federal Single Audit	03/25/2015
2015-094	Dixie County District School Board - Financial, Operational, and Federal Single Audit	02/02/2015
2015-114	Escambia County District School Board - Federal Single Audit	03/03/2015
2015-075	Escambia County District School Board - Operational Audit	12/19/2014
2015-174	Flagler County District School Board - Financial, Operational, and Federal Single Audit	03/30/2015
2015-152	Franklin County District School Board - Financial, Operational, and Federal Single Audit	03/23/2015
2015-164	Gadsden County District School Board - Financial, Operational, and Federal Single Audit	03/27/2015
2015-129	Gilchrist County District School Board - Financial, Operational, and Federal Single Audit	03/11/2015
2015-167	Glades County District School Board - Financial, Operational, and Federal Single Audit	03/27/2015
2015-078	Gulf County District School Board - Financial, Operational, and Federal Single Audit	01/08/2015

^a 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, 2014*.

EXHIBIT B

**Reports Released During the Period
November 1, 2014, Through October 31, 2015**

Report Number	Audited Entity and Report Title	Report Release Date
School Districts - Continued		
2015-140	Hamilton County District School Board - Financial, Operational, and Federal Single Audit	03/17/2015
2015-097	Hardee County District School Board - Financial, Operational, and Federal Single Audit	02/10/2015
2015-137	Hendry County District School Board - Financial, Operational, and Federal Single Audit	03/17/2015
2015-176	Highlands County District School Board - Financial, Operational, and Federal Single Audit	03/30/2015
2015-169	Hillsborough County District School Board - Financial, Operational, and Federal Single Audit	03/27/2015
2015-141	Holmes County District School Board - Financial, Operational, and Federal Single Audit	03/17/2015
2015-077	Indian River County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/19/2014
2015-076	Indian River County District School Board - Operational Audit	12/19/2014
2015-117	Jackson County District School Board - Financial, Operational, and Federal Single Audit	03/04/2015
2015-179	Jefferson County District School Board - Financial, Operational, and Federal Single Audit	03/31/2015
2015-113	Lafayette County District School Board - Financial, Operational, and Federal Single Audit	03/03/2015
2015-160	Lake County District School Board - Financial, Operational, and Federal Single Audit	03/25/2015
2015-070	Lee County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/19/2014
2015-069	Lee County District School Board - Operational Audit	12/18/2014
2015-177	Leon County District School Board - Financial, Operational, and Federal Single Audit	03/30/2015
2015-088	Leon County District School Board - Operational Audit	01/23/2015
2015-121	Levy County District School Board - Financial, Operational, and Federal Single Audit	03/06/2015
2015-118	Liberty County District School Board - Financial, Operational, and Federal Single Audit	03/04/2015
2015-162	Madison County District School Board - Financial, Operational, and Federal Single Audit	03/26/2015
2015-059	Marion County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/11/2014
2015-051	Marion County District School Board - Operational Audit	11/25/2014
2015-072	Martin County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/19/2014
2015-071	Martin County District School Board - Operational Audit	12/19/2014
2015-089	Miami-Dade County District School Board - Operational Audit	01/28/2015
2015-126	Monroe County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	03/10/2015
2015-105	Monroe County District School Board - Operational Audit	02/25/2015
2015-153	Nassau County District School Board - Financial, Operational, and Federal Single Audit	03/24/2015
2015-115	Okeechobee County District School Board - Financial, Operational, and Federal Single Audit	03/03/2015
2015-090	Palm Beach County District School Board - Operational Audit	01/28/2015
2015-130	Pinellas County District School Board - Financial, Operational, and Federal Single Audit	03/12/2015
2015-163	Putnam County District School Board - Financial, Operational, and Federal Single Audit	03/26/2015
2015-073	Seminole County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/19/2014
2015-064	Seminole County District School Board - Operational Audit	12/16/2014
2015-175	St. Johns County District School Board - Financial, Operational, Federal Single Audit	03/30/2015
2015-132	Sumter County District School Board - Financial, Operational, and Federal Single Audit	03/13/2015
2015-111	Suwannee County District School Board - Financial, Operational, and Federal Single Audit	03/02/2015

EXHIBIT B
Reports Released During the Period
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Report Number	Audited Entity and Report Title	Report Release Date
School Districts - Continued		
2015-135	Taylor County District School Board - Financial, Operational, and Federal Single Audit	03/13/2015
2015-142	Union County District School Board - Financial, Operational, and Federal Single Audit	03/18/2015
2015-131	Wakulla County District School Board - Financial, Operational, and Federal Single Audit	03/11/2015
2015-148	Walton County District School Board - Financial, Operational, Federal Single Audit	03/20/2015
2015-143	Washington County District School Board - Financial, Operational, and Federal Single Audit	03/18/2015
Florida Education Finance Program		
2016-003	Bay County District School Board - Florida Education Finance Program	07/24/2015
2016-024	Bradford County District School Board - Florida Education Finance Program	10/21/2015
2016-006	Brevard County District School Board - Florida Education Finance Program	08/04/2015
2015-056	Charlotte County District School Board - Florida Education Finance Program	12/05/2014
2016-005	Clay County District School Board - Florida Education Finance Program	07/31/2015
2016-020	Collier County District School Board - Florida Education Finance Program	10/01/2015
2015-184	Columbia County District School Board - Florida Education Finance Program	04/28/2015
2016-026	DeSoto County District School Board - Florida Education Finance Program	10/29/2015
2016-015	Duval County District School Board - Florida Education Finance Program	09/08/2015
2015-053	Flagler County District School Board - Florida Education Finance Program	12/02/2014
2015-047	Florida State University Schools, Inc. - Florida Education Finance Program	11/21/2014
2016-001	Glades County District School Board - Florida Education Finance Program	07/14/2015
2015-158	Hamilton County District School Board - Florida Education Finance Program	03/25/2015
2015-185	Hernando County District School Board - Florida Education Finance Program	04/28/2015
2015-060	Hillsborough County District School Board - Florida Education Finance Program	12/10/2014
2016-017	Holmes County District School Board - Florida Education Finance Program	09/15/2015
2015-041	Jackson County District School Board - Florida Education Finance Program	11/12/2014
2016-013	Lafayette County District School Board - Florida Education Finance Program	08/31/2015
2015-068	Lee County District School Board - Florida Education Finance Program	12/18/2014
2015-197	Liberty District School Board - Florida Education Finance Program	06/29/2015
2016-019	Nassau County District School Board - Florida Education Finance Program	09/18/2015
2015-187	Okaloosa County District School Board - Florida Education Finance Program	05/06/2015
2015-188	Palm Beach County District School Board - Florida Education Finance Program	05/08/2015
2015-048	Pasco County District School Board - Florida Education Finance Program	11/24/2014
2016-011	Pinellas County District School Board - Florida Education Finance Program	08/28/2015
2015-044	Polk County District School Board - Florida Education Finance Program	11/17/2014
2016-010	Putnam County District School Board - Florida Education Finance Program	08/28/2015
2015-189	Santa Rosa County District School Board - Florida Education Finance Program	05/28/2015
2015-195	Taylor County District School Board - Florida Education Finance Program	06/23/2015
2015-186	Union County District School Board - Florida Education Finance Program	05/05/2015
State Universities		
2015-171	Florida Agricultural and Mechanical University - Financial Audit	03/27/2015
2015-151	Florida Atlantic University - Financial Audit	03/23/2015
2015-050	Florida Gulf Coast University - Financial Audit	11/25/2014

EXHIBIT B

**Reports Released During the Period
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Report Number	Audited Entity and Report Title	Report Release Date
State Universities - Continued		
2015-123	Florida International University - Financial Audit	03/09/2015
2015-063	Florida Polytechnic University - Financial Audit	12/15/2014
2015-172	Florida State University - Financial Audit	03/27/2015
2015-082	Florida State University - Operational Audit	01/13/2015
2015-139	New College of Florida - Financial Audit	03/17/2015
2015-173	University of Central Florida - Financial Audit	03/27/2015
2015-086	University of Central Florida - Operational Audit	01/21/2015
2015-074	University of Florida - Financial Audit	12/19/2014
2015-150	University of North Florida - Financial Audit	03/23/2015
2015-136	University of North Florida - Operational Audit	03/13/2015
2015-042	University of South Florida - Financial Audit	11/12/2014
2015-046	University of West Florida - Financial Audit	11/21/2014
State Colleges		
2015-154	Broward College - Financial Audit	03/24/2015
2015-102	Broward College - Operational Audit	02/18/2015
2015-103	Chipola College - Financial Audit	02/23/2015
2015-093	College of Central Florida - Financial Audit	01/29/2015
2015-043	College of Central Florida - Operational Audit	11/17/2014
2015-116	Daytona State College - Financial Audit	03/03/2015
2015-127	Eastern Florida State College - Financial Audit	03/10/2015
2015-062	Edison State College - Financial Audit	12/11/2014
2015-133	Florida Gateway College - Financial Audit	03/12/2015
2015-038	Florida Gateway College - Operational Audit	11/04/2014
2015-168	Florida Keys Community College - Financial Audit	03/27/2015
2015-161	Florida State College at Jacksonville - Financial Audit	03/25/2015
2015-120	Gulf Coast State College - Financial Audit	03/05/2015
2015-145	Hillsborough Community College - Financial Audit	03/19/2015
2015-079	Indian River State College - Financial Audit	01/08/2015
2015-144	Lake-Sumter State College - Financial Audit	03/19/2015
2015-159	Miami Dade College - Financial Audit	03/25/2015
2015-134	Northwest Florida State College - Financial Audit	03/13/2015
2015-100	Palm Beach State College - Financial Audit	02/16/2015
2015-065	Palm Beach State College - Operational Audit	12/17/2014
2015-146	Pasco-Hernando State College - Financial Audit	03/19/2015
2015-124	Pensacola State College - Financial Audit	03/09/2015
2015-091	Polk State College - Financial Audit	01/28/2015
2015-085	Polk State College - Operational Audit	01/16/2015
2015-108	Santa Fe College - Financial Audit	02/26/2015
2015-122	Seminole State College of Florida - Financial Audit	03/06/2015
2015-084	South Florida State College - Financial Audit	01/15/2015

EXHIBIT B
Reports Released During the Period
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Report Number	Audited Entity and Report Title	Report Release Date
State Colleges - Continued		
2015-125	St. Johns River State College - Financial Audit	03/09/2015
2015-106	St. Petersburg College - Financial Audit	02/25/2015
2015-099	State College of Florida, Manatee-Sarasota - Financial Audit	02/13/2015
2015-040	State College of Florida, Manatee-Sarasota - Operational Audit	11/12/2014
2015-178	Tallahassee Community College - Financial Audit	03/31/2015
2015-170	Valencia College - Financial Audit	03/27/2015
2015-057	Valencia College - Operational Audit	12/08/2014
Other Educational Entities and Programs		
2015-128	Florida Virtual Campus - Financial Audit	03/10/2015
Other Audits and Accountability Activities		
2016-009	Citizens Property Insurance Corporation - Operational Audit	08/28/2015
2015-183	City of Hollywood and Hollywood Community Redevelopment Agency Follow-Up on Operational Audit Report No. 2013-093 - Operational Audit	04/28/2015
2015-165	Florida Municipal Power Agency - Operational Audit	03/26/2015
2016-016	Northwest Florida Water Management District - Operational Audit	09/15/2015
2016-012	Okaloosa County Board of County Commissioners and Okaloosa County Clerk of the Circuit Court, Follow-Up on Report No. 2014-068 - Operational Audit	08/31/2015
2015-095	Okaloosa County Board of County Commissioners' Oversight of the Tourist Development Council and Use of Tourist Development Taxes and Funds Received from British Petroleum - Operational Audit	02/02/2015
2015-192	Report on Significant Financial Trends and Findings Identified in Charter School and Charter Technical Career Center 2013-14 Fiscal Year Audit Reports - Operational Audit	06/09/2015
2016-023	Report on Significant Financial Trends and Findings in 2013-14 Fiscal Year Audits of District School Boards	10/22/2015
2015-191	Review of Charter School, Charter Technical Career Center, and District School Board 2013-14 Fiscal Year Audit Reports Prepared by Independent Certified Public Accountants - Operational Audit	06/08/2015
2015-193	Review of Nonprofit, For-Profit, and Other Entity Audit Reports Prepared By Independent Certified Public Accountants Pursuant to The Florida Single Audit Act For Fiscal Years Ended October 31, 2013, Through September 30, 2014 - Operational Audit	06/22/2015
2015-055	Agency for Persons with Disabilities - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	12/03/2014
2015-180	Department of Citrus - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	03/31/2015
2015-080	Department of Military Affairs - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	01/08/2015
2015-049	Department of Veterans' Affairs - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/24/2014

EXHIBIT C

Reports Released or Scheduled to Be Released Subsequent to
October 31, 2015, and By March 31, 2016

State Government

<i>Audit Entity</i>	<i>Scope/Areas of Operations</i>
Agency for Health Care Administration	Office of Inspector General's Internal Audit Activity Quality Assessment Review
Agency for Persons with Disabilities	iBudget System – Information Technology
Board of Governors	Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Business and Professional Regulation	Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Agriculture and Consumer Services	Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Children and Families	Public Assistance Fraud Prevention, Detection, and Recovery Efforts Florida Safe Families Network – Information Technology
Department of Corrections	Selected Administrative Activities and Prior Audit Follow-Up
Department of Economic Opportunity	Monitoring of Workforce Services and Prior Audit Follow-Up
Department of Education	Selected Administrative Activities and Prior Audit Follow-Up Migrant Education Program and Selected Monitoring Within the Division of Public Schools
Department of Elder Affairs	Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Environmental Protection	Division of Water Resource Management – Licensing and Permitting Process Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Financial Services	Division of Insurance Fraud and Selected Administrative Activities Florida Accounting Information Resource Subsystem – Information Technology
Department of Health	Pharmacy Services and Selected Administrative Activities
Department of Juvenile Justice	Secure Detention Center Services, Cost-of-Care Fee, and Selected Administrative Activities
Department of Legal Affairs	Administration of Settlement Agreements and Prior Audit Follow-Up Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of the Lottery	Financial Statements Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Management Services	Florida Retirement System – Financial Statements Office of Inspector General's Internal Audit Activity Quality Assessment Review
Department of Revenue	Oversight of the Ad Valorem Tax Program
Department of Transportation	Office of Inspector General's Internal Audit Activity Quality Assessment Review

EXHIBIT C

Reports Released or Scheduled to Be Released Subsequent to October 31, 2015, and By March 31, 2016

State Government (Continued)

<i>Audit Entity</i>	<i>Scope/Areas of Operations</i>
Division of Emergency Management	Contract and Grant Management Processes and Prior Audit Follow-Up Florida Public Assistance Web Portal (FloridaPA.org) – Information Technology
Florida Commission on Offender Review	Post-Prison Supervisory Release Programs, Selected Administrative Activities, and Prior Audit Follow-Up
Multi-Agency	Surplus Computer Hard Drive Disposal Processes at Selected State Agencies – Information Technology
Office of Early Learning	Early Learning Programs and Related Delivery Systems
Office of Financial Regulation	Financial Investigations and Prior Audit Follow-Up Office of Inspector General's Internal Audit Activity Quality Assessment Review
Office of Insurance Regulation	Office of Inspector General's Internal Audit Activity Quality Assessment Review
State Board of Administration	Local Government Surplus Funds Trust Fund – Financial Statements
State of Florida	Financial Statements and Federal Awards
University of South Florida Data Center	Data Center Operations – Information Technology

Educational Entities

<i>Audit Entity</i>	<i>Scope/Areas of Operations</i>
Florida Bright Futures Scholarship Program	Selected Areas of Operation
Florida Education Finance Program - Selected District School Boards and Other Entities	Compliance with Reporting Requirements
Florida Virtual School	Selected Areas of Operations
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

Other

<i>Audit Entity</i>	<i>Scope/Areas of Operations</i>
AAA Scholarship Foundation, Inc.	Selected Areas of Operation
City of Archer	Selected Areas of Operation
City of Hampton	Follow-Up on Report No. 2014-100
City of North Miami	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
Health Care District of Palm Beach County	Selected Areas of Operation
Step Up For Students	Selected Areas of Operation

EXHIBIT D

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(Reports available in downloadable PDF format.)

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