



ANNUAL REPORT

2018

NOVEMBER 1, 2017, THROUGH OCTOBER 31, 2018

LEGISLATIVE AUDITING COMMITTEE

2016 – 2018



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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, school districts, 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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November 30, 2018

The Honorable Bill Galvano
President of the Senate
409 The Capitol
Tallahassee, Florida 32399-1100

The Honorable Jose Oliva
Speaker of the House of Representatives
420 The Capitol
Tallahassee, Florida 32399-1300

Dear President Galvano and Speaker Oliva:

I am pleased to provide the Auditor General's Annual Report for the period November 1, 2017, through October 31, 2018. 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 2019-20 and 2020-21 fiscal years. Our 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, 2017, through October 31, 2018. These audits and other accountability activities include assignments made to our Office both in law and by legislative directive. During this period, our dedicated team of audit professionals and support staff issued over 230 reports related to operational, financial, and Federal awards audits and attestation examination engagements of State and local governmental entities.

When conducting audits and other accountability activities, we remain mindful of our professional services goal, which 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.

In 2019, we will commemorate our 50th year of auditing excellence for the benefit of Floridians and we greatly appreciate the Legislature's continued 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 Senate and House
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***

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.

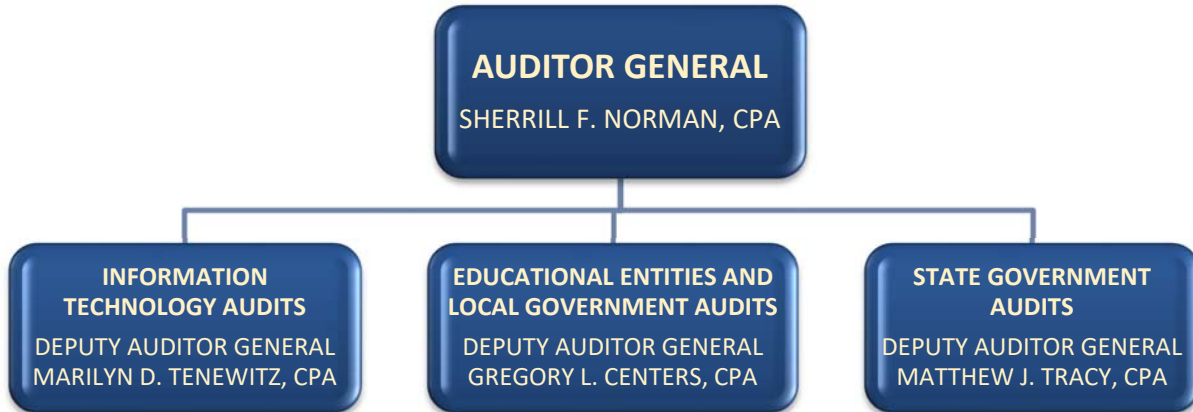
Our Mission

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 regarding 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 issued reports, 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 or promptly detected and resolved.

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 our 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 our professional audit staff are assigned to various other locations throughout the State. These locations facilitate our audits of the school districts, State colleges, State universities, and State agencies headquartered outside Tallahassee, as well as our audits of local governmental entities.



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, 2018, our audit professionals included:

- ◆ 165 Certified Public Accountants.
- ◆ 17 Certified Information Systems Auditors.
- ◆ 18 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, school districts, State universities, and State colleges.
- ◆ Conducts operational and performance audits of public programs, activities, 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 enrollment reported to the Department of Education and used to determine Florida Education Finance Program FTE Student Enrollment 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 auditor's independence is impaired. 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 2016, a team from the National State Auditors Association (NSAA) conducted such a review that covered engagements with reports issued during the period September 1, 2015, through August 31, 2016. Our Office received a rating of “pass,” which is the highest rating an audit organization can receive from an NSAA peer review team. This rating means that the Auditor General’s system of quality control provided reasonable assurance that our Office’s work conformed to *Government Auditing Standards* and is evidence of the quality and professionalism of our staff. The peer review team’s report is available on our Web site. Our next external peer review will be conducted in the fall of 2019.

Our Strategic Goals and Objectives

In recognition of our statutory duties and mission, within the framework of our core values, our work is planned and managed to address strategic objectives established to assist us in accomplishing our 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 all management staff with responsibilities for audits or attestations to 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-matter experts, but we also recognize the importance of fostering the speaking and presentation skills of our own staff. Accordingly, we give our staff 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 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 issued during the period November 1, 2017, through October 31, 2018, is included in this report as ***EXHIBIT B***. An overview of our audits and other accountability activities completed during the period November 1, 2017, through October 31, 2018, begins on page 14 of this Annual Report. In July 2018, we launched our new Web site, www.FLAuditor.gov. Copies of audit and other reports are available on our Web site and are distributed as appropriate and upon request to:

- ◆ Legislative members and staff.
- ◆ Governing boards, officials, 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 were either included in our audit reports during the past few 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 House Education

- ◆ **Charter Schools** – The Legislature should consider amending Section 1002.33, Florida Statutes, to require school districts to monitor the eligibility of charter school classroom teachers for the Florida Best and Brightest Teacher Scholarship Program. The Legislature should also consider amending Section 1013.62, Florida Statutes, to require school districts to monitor charter school use of capital outlay funding.

Audit Manager: Micah E. Rodgers, 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.

Deputy Auditor General: Gregory L. Centers, CPA

- ◆ **The Florida Best and Brightest Teacher Scholarship Program** – The Legislature should consider charging administration of the Florida Best and Brightest Teacher Scholarship program to the Department of Education. Doing so would establish the Department as the entity responsible for providing guidance sufficient to enable the school districts and charter schools to consistently apply Section 1012.731, Florida Statutes.

Audit Manager: Micah E. Rodgers, CPA

- ◆ **State Universities and State Colleges** – The Legislature should consider enacting law applicable to State universities and State colleges similar to Section 110.1127, Florida Statutes, to provide those institutions the ability to designate positions that, because of the special trust or responsibility or sensitive location, require security background investigations using level 2 screening standards. Doing so would permit State universities and State colleges to utilize Federal criminal history information resources under certain circumstances.

Audit Manager: Jaime N. Hoelscher, CPA

Policy Areas: Senate Community Affairs House State Affairs

- ◆ **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, Florida Statutes, to impose the same requirements as to the contents of CRA plans on all CRAs.
 - Amend Section 163.387, 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, 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, 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, regarding the use and disposition of CRA trust fund moneys.

Audit Report Numbers: 2015-037 and 2019-028

Audit Manager: Michael J. Gomez, 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, Florida Statutes, to require notification to 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. Also, amend Section 218.391, Florida Statutes, to require members of local government audit committees to have a basic understanding of governmental financial reporting and auditing and to require at least one member of a local government audit committee, or person consulted by the audit committee, to have an understanding of generally accepted accounting principles and experience preparing or auditing government entity financial statements. Amendments to

Section 281.391 should also be considered to require local governmental entities to establish ordinances, resolutions, or policies and procedures to define audit committee responsibilities.

- 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 Chapter 274, Florida Statutes, regarding tangible personal property owned by local governments, to include all “local governmental entities” as that term is defined in Section 218.31, Florida Statutes.
- Amend Section 403.7125, Florida Statutes, to require that audits of local government escrow accounts, maintained to accumulate financial resources for the proper closing and long-term care of landfills, are properly and consistently conducted in accordance with legislative intent.
- Amend Section 29.0085, Florida Statutes, to require that statutorily required annual statements of county compliance for court-related functions are properly and consistently prepared in accordance with legislative intent.

Audit Report Numbers: 2015-037 and 2019-028

Audit Manager: Michael J. Gomez, CPA

- ◆ **Local Governments** – The Legislature should consider removing the Auditor General operational audit requirement from Section 288.8018, Florida Statutes, given the reduction in Deepwater Horizon oil spill funds allocated to, and spent by, local governmental entities.

Audit Manager: Michael J. Gomez, 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: Michael J. Gomez, CPA

- ◆ **Judicial Agencies** – The Legislature should consider amending Section 28.35, Florida Statutes, to require clerks of the circuit court to timely report performance measure data to the Florida Clerks of Court Operations Corporation and authorize the Corporation to impose financial penalties on clerks who do not timely report such data.

Audit Report Number: 2018-076

Audit Manager: Michael J. Gomez, CPA

Policy Areas: Senate Governmental Oversight and Accountability

Senate Judiciary

House State Affairs

House Judiciary

- ◆ **Department of Financial Services** – The Legislature should consider amending Section 17.03, Florida Statutes, to require the Department of Financial Services to enter into a contract with the Florida Clerks of Court Operations Corporation for audits of the court-related expenditures of the individual clerks of the circuit court required by Section 28.35(2)(e), Florida Statutes.

Audit Manager: Michael J. Gomez, CPA

Policy Areas: Senate Governmental Oversight and Accountability

Senate Community Affairs

Senate Judiciary

House State 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
Matthew J. Tracy, CPA**

Policy Areas: Senate Governmental Oversight and Accountability

House State Affairs

- ◆ **Local Government Impact Fees** – The Legislature should consider amending Section 163.31801, Florida Statutes, to provide criteria and parameters for establishing a reasonable connection between the use of impact fees and the benefits that accrue to the new residents for whose benefit the fees were intended. The Florida Supreme Court has opined that, when a local government implements an impact fee, the government must demonstrate a reasonable connection, or rational nexus, between the expenditure of funds (impact fees) collected and the benefits accruing to the new residents. Legislation with explicit criteria and parameters may provide clarity and reduce the risk of future litigation regarding the sufficiency of the connection.

Audit Manager: Micah E. Rodgers, CPA

◆ **Audit Efficiency and Effectiveness** – Section 11.47(4), Florida Statutes, is critical to ensuring the capability of the Auditor General to successfully complete audits. Section 11.47(4), Florida Statutes, provides that any officer who willfully fails or refuses to furnish or produce any book, record, paper, document, data, or sufficient information necessary to a proper audit or examination which the Auditor General or the Office of Program Policy Analysis and Government Accountability is by law authorized to perform, shall be subject to removal from office. The Legislature should consider amending Section 11.47(4), Florida Statutes, to:

- Designate the specific party, or parties, responsible for removing an officer.
- Include access to individuals, in addition to any book, record, paper, document, data, or sufficient information necessary to a proper audit or examination, as denials or excessive delays in access to individuals may also be significant constraints on an audit approach.

**Deputy Auditor Generals: Gregory L. Centers, CPA
Matthew J. Tracy, CPA
Marilyn D. Tenewitz, 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 engagements – financial audits, operational audits, performance audits, 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 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 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. Professional standards issued by the AICPA and the Comptroller General of the United States in *Government Auditing Standards* govern the nature, timing, and extent of the audit work performed. 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 also may include audit procedures to evaluate an entity's compliance with requirements that could have a direct and material effect on each major Federal awards program administered by the entity 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 located in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as audit requirements prescribed by applicable professional standards issued by the AICPA and the Comptroller General of the United States in *Government Auditing Standards*.

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

include comparisons of the performance of a program, activity, or function of a governmental entity to specific criteria. Our operational audits include a broad array of areas and are conducted in accordance with applicable *Government Auditing Standards*. The areas included within the scope of operational audits are determined through risk assessment processes that include, among other procedures, inquiries of legislative staff concerning items 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 (or fairly stated), in all material respects, based on the specified criteria. Examination engagements are conducted in accordance with the *Statements on Standards for Attestation Engagements* issued by the AICPA and applicable *Government Auditing Standards*. For example, our examinations of school district and other entity compliance with State requirements relating to the classification, assignment, and verification of the full-time equivalent student enrollment and student transportation reported under the Florida Education Finance Program are attestation examination engagements.

Work Plan Development Process

In the development of our work plan, we first 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 (Florida PRIME), the Florida School for the Deaf and the Blind, 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. In addition, at the direction of the Legislative Auditing Committee, we conduct a financial audit of the Department of the Lottery. We also conduct the annual financial audit of the Florida Retirement System.

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 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 a 3-year cycle.

2018-19 Work Plan

Our 2018-19 Work Plan encompasses a wide variety of programs, activities, and functions administered by many entities. Some of the unique projects on our 2018-19 Work Plan include operational audits of selected Medicaid claims data maintained by the Agency for Health Care Administration; Triumph Gulf Coast, Inc.; the Reemployment Assistance Claims and Benefits Information System at the Department of Economic Opportunity; selected operations at the City of Gulf Breeze; selected operations at the City of Palm Bay; and selected processes and administrative activities at the City of Opa-locka.

An overview of our audits and other accountability activities completed during the period November 1, 2017, through October 31, 2018, begins on page 14 of this Annual Report. A listing of all reports issued during the period November 1, 2017, through October 31, 2018, is included in this report as **EXHIBIT B**. Additionally, a listing of reports issued or scheduled to be issued subsequent to October 31, 2018, and by March 31, 2019, is included in this report as **EXHIBIT C**.

Projected 2-Year Work Plan

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 the 2019-20 and 2020-21 fiscal years 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	\$579.2 billion
Total revenues upon which financial statement opinions were rendered	\$201.3 billion
Total Federal awards expenditures for major programs audited	\$25.4 billion
Total number of major Federal programs audited	20
Number of audit reports issued	
Attestation	1
Financial	5
Financial and Federal Awards	1
Operational ^a	<u>15</u>
Total number of audit reports issued	<u>22</u>
Number of audit findings	133
Number of findings identifying potential opportunities for cost recovery, savings, or loss avoidance	27
Total amount identified for cost recovery, savings, or loss avoidance	\$1.1 million

^a 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 State of Florida's financial statements for the fiscal year ended June 30, 2017, 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, 2017*.

Our report on the audit of the State's financial statements included three findings involving internal control over financial reporting, including a material weakness¹ at one State agency and significant deficiencies² at two other State agencies. The material weakness pertained to internal controls relevant to the completeness of receivables, unavailable revenue, and grants and donations. One significant deficiency related to improperly recording deposits to and withdrawals from the State Treasury and improperly recording interest earnings on a cash basis. The second significant deficiency related to insufficient procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA) to ensure that the SEFA and related notes were accurate and presented in accordance with Federal and other guidelines. We also reported two additional matters that we reported to management at one State agency and one State university. The additional matters related to improper reporting of fund balance classifications by the State agency and improper reporting of Federal loan expenditures by the State university. 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. 2018-189).

Separate from our audit of the State of Florida's financial statements, we conducted audits of the financial statements of the Florida Retirement System Pension Plan and Other State-Administered Systems, the State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME), the Department of the Lottery (Lottery), and the Florida School for the Deaf and the Blind. In all four audits, we found that the respective financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

For the Lottery, as required by Section 24.123, Florida Statutes, we also examined internal control over financial reporting as of June 30, 2017, 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, 2017, based on the established criteria. However, we also noted in our report (report No. 2018-078) two findings involving the need for enhancements to certain Lottery information technology (IT) internal control practices and the need for the Lottery to continue efforts to comply with statutory requirements governing minority retailer participation.

In addition to the audit of the Florida Retirement System Pension Plan and Other State-Administered Systems financial statements, we conducted an audit of the schedules of employer allocations of the Florida Retirement System Pension Plan defined benefit plan and the Retiree Health Insurance Subsidy Program defined benefit plan (System Pension Plans) as of and for the fiscal year ended June 30, 2017, and the related notes. Our audit found that the schedules presented fairly, in all material respects, the employer allocations and the net pension liability, 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, 2017, in accordance with accounting principles generally accepted in the United States of America (report No. 2018-085).

¹ A material weakness is a deficiency, or a 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.

² A significant deficiency is a deficiency, or a 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.

We also conducted an attestation examination of the System Pension Plans schedules of deferred outflows for contributions subsequent to the June 30, 2017, measurement date by employer, as of and for the fiscal year ended June 30, 2018. This examination found that the schedules presented, in all material respects, the deferred outflows for contributions subsequent to the June 30, 2017, measurement date by employer in accordance with applicable GASB statements and applicable provisions of State law (report No. 2019-018).

Federal Awards The Single Audit of the State of Florida includes State agencies, State universities, State colleges, judicial branch entities, and various other government entities for which the State is financially accountable. State agencies, State universities, and State colleges administered approximately 575 Federal awards programs or program clusters during the 2016-17 fiscal year. The Federal Single Audit Act directs the auditor to evaluate compliance with requirements applicable to each major program as well as 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, 2017, are described in our report No. 2018-189.

We audited the State’s compliance with requirements governing the 20 Federal awards programs or program clusters that we identified as major Federal awards programs for the fiscal year ended June 30, 2017. Expenditures for these major programs comprised approximately 71 percent of the \$36 billion in total Federal awards expenditures reported by the State for the fiscal year ended June 30, 2017. 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	State Agencies
Child Support Enforcement Administration	2	2
Electronic Benefits Transfer Administration	1	1
Eligibility and Claims Payments	3	2
Expenditures and Supporting Documentation	1	1
Information Technology Internal Controls	10	8
Medicaid Program Administration	4	3
Noncompliance with Statutory Requirements	1	1
Payroll Charges and Personnel Records	1	1
Record Systems and Reporting	1	1
Student Financial Aid Administration	7	27
Subawards and Monitoring	4	2
Unemployment Benefits and Tax Administration	5	1

We found that the State agencies materially complied with requirements governing major Federal awards programs, except with respect to compliance with certain requirements for the Federal Family Education Loans program administered by the Department of Education for which we qualified our opinion.

Additionally, we qualified our opinions with respect to compliance with certain requirements for the two programs listed below because the applicable State agencies either did not provide or did not retain the documentation needed to demonstrate compliance:

- ◆ Federal Family Education Loans.
- ◆ Temporary Assistance for Needy Families Cluster.

We also reported material weaknesses in internal control over compliance³ for the following programs:

- ◆ Federal Family Education Loans.
- ◆ National Guard Military Operations and Maintenance Projects.
- ◆ Temporary Assistance for Needy Families Cluster.
- ◆ Unemployment Insurance.

Other instances of noncompliance, deficiencies in internal control over compliance,⁴ or questioned costs were found at 36 State agencies, State universities, and State colleges. 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 supportive of 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, 2017, through October 31, 2018, we issued 15 operational audit reports on State governmental entities. Our reports addressed a broad array of programs, activities, and functions including:

- ◆ Internal management, financial, and operational controls and processes.
- ◆ The Florida Prepaid College Board and selected administrative activities of the State Board of Administration.
- ◆ Administration of residential services and selected administrative activities of the Department of Juvenile Justice.
- ◆ The Division of Pari-Mutuel Wagering and selected administrative activities of the Department of Business and Professional Regulation.
- ◆ Administration of selected State economic development incentive programs by the Department of Economic Opportunity and Enterprise Florida, Inc.
- ◆ Collection and use of Medicaid managed care encounter data by the Agency for Health Care Administration.
- ◆ Property management controls of the Fish and Wildlife Conservation Commission.

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

⁴ A significant deficiency in internal control over compliance is a deficiency, or a 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.

- ◆ The Division of State Fire Marshal and selected information technology controls of the Department of Financial Services.
- ◆ Citizens Property Insurance Corporation claims handling, customer service, take-out programs and bonuses, underwriting and eligibility, financing agreements, procurement of goods and services, internal controls, internal audit function, and information technology controls.

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 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	Entities
Capital Assets, Equipment, and Inventory	2	2
Contractual Services	4	4
Expenditures and Disbursements	1	1
Financial Management and Record Keeping	5	4
Florida Single Audit Act	1	1
General Oversight or Governance	32	8
Information Technology Resources	19	9
Medicaid Administration and Claims Payments	2	1
Pari-Mutuel Wagering	4	1
Program Administration, Oversight, and Monitoring	2	2
Purchasing Practices	5	5
Risk Management	1	1
Service Organization Report	4	4
State Land Acquisitions	4	1

The results of several of our operational audits issued during the period November 1, 2017, through October 31, 2018, are summarized below.

- ◆ **Department of Juvenile Justice – Residential Services and Selected Administrative Activities (Report No. 2018-084).** Our operational audit of the Department of Juvenile Justice (DJJ) focused on the administration of residential services and selected administrative activities. Our audit disclosed that DJJ annual compliance monitoring of residential commitment programs and annual administrative compliance reviews of program providers needed improvement. In addition, we noted that DJJ records did not always evidence that required weekly security audits and safety inspections of residential commitment program facilities were conducted or that DJJ and residential commitment program provider staff completed required training. Our audit also found that residential commitment programs did not always develop and implement corrective actions to address, or timely address, security and safety deficiencies noted during the weekly audits and inspections. Further, reportable

incidents related to residential commitment programs were not always timely reported to the DJJ, reviews of reported incidents were not always timely completed, and improvements were needed in certain DJJ information technology controls.

- ◆ **Department of Business and Professional Regulation – Division of Pari-Mutuel Wagering and Selected Administrative Activities (Report No. 2018-087).** The Department of Business and Professional Regulation (DBPR), Division of Pari-Mutuel Wagering, is responsible for regulating the State's pari-mutuel industry, slot machine gaming, and cardroom activities, as well as overseeing the Gaming Compact between the Seminole Tribe of Florida and the State. Our audit found that Division procedures for sampling and testing racing animals for drugs and medications could be enhanced to better align to industry best practices and that pari-mutuel facility inspections were not always conducted using current facility inspection checklists. In addition, we found that the Division did not require all employees with inspection- or enforcement-related responsibilities to be subject to conflict of interest policies and procedures and that the Division could gain greater assurance over the integrity of wagering operations by obtaining and reviewing independent service auditor reports on the effectiveness of internal controls established by Division-approved totalisator companies. We also noted that the DBPR did not perform a complete physical inventory of all tangible personal property for the 2015-16 fiscal year contrary to Department of Financial Services rules.
- ◆ **Agency for Health Care Administration – Collection and Use of Medicaid Managed Care Encounter Data and Selected Administrative Activities (Report No. 2018-172).** Our operational audit of the Agency for Health Care Administration (Agency) focused on the collection and use of Medicaid managed care encounter data and selected administrative activities. Our audit found that the Agency could not demonstrate that it forwarded to managed care organizations for investigation any leads or referrals related to possible acts of fraud, abuse, or overpayment based on analysis of Medicaid managed care encounter data. Also, the Agency's contract for advanced data analytics services to identify Medicaid fraud, abuse, and overpayments did not result in realized cost recoveries, the Agency and vendor did not take timely and adequate steps to utilize Medicaid managed care encounter data in the vendor's data analytics, and Agency records did not include sufficient documentation to support continued contract renewals. In addition, our audit disclosed that the Agency had not established sufficient comprehensive policies and procedures or a training program to ensure staff were provided appropriate training related to the Agency's complex accounting and budgeting tasks. Also, our audit noted internal control deficiencies related to the approval and recording of accounting transactions, timely cancellation of purchasing cards, and access to selected Agency information technology systems.
- ◆ **Department of Financial Services – Division of State Fire Marshal and Information Technology Controls (Report No. 2018-211).** The Department of Financial Services (DFS), Division of State Fire Marshal, is responsible for ensuring compliance with the Florida Fire Prevention Code and approving firefighter training curricula, offering training at the Florida State Fire College, and certifying that fire service members meet industry-based standards. Our audit disclosed that the Division could not demonstrate that all buildings subject to fire safety inspections were included in CitizenServe, the software application used to maintain inspection data and records. Additionally, contrary to State law, the Division did not inspect certain State-owned buildings designated as high-hazard or adequately document inspections and follow-up inspection activities. Our audit also disclosed that the Division had not analyzed whether fire safety inspection and plan review fees were sufficient to recover related costs since the fees were established in 2001, did not always properly invoice or calculate inspection and plan review fees in accordance with State law and DFS rules, and did not receive payment of inspection fees due from State universities. Our audit further disclosed that Division records did not always demonstrate that Florida State Fire College instructors met certification requirements; certain DFS information technology controls needed improvement; the DFS did not make or obtain an independent and periodic assessment of the effectiveness of relevant service organization controls for CitizenServe; and, contrary to State law, the DFS Information Security Manager did not report directly to the Chief Financial Officer.

- ◆ **Citizens Property Insurance Corporation (Report No. 2019-016).** In accordance with Section 627.351(6)(m), Florida Statutes, our operational audit of Citizens Property Insurance Corporation (Citizens) focused on claims handling, customer service, take-out programs and bonuses, underwriting and eligibility, financing requirements, procurement of goods and services, internal controls, the internal audit function, and information technology controls. Our audit disclosed that Citizens did not take steps to reasonably ensure that service organization controls over working paper administration and retention services were suitably designed and operating effectively or evaluate the adequacy and effectiveness of subservice organizations controls established for the electronic working paper system. Our audit also showed that Citizens controls need enhancement to ensure that only eligible insurance policies are renewed, errors in applications for coverage are timely corrected, and all applicable policy renewals are submitted to the Clearinghouse for consideration by participating insurers. Additionally, our audit analysis showed that, excluding Citizens, only 23 percent of personal residential property insurers participated in the Clearinghouse and that Citizens provided customer service comparable to the quality provided in the voluntary market. We also found that, while Citizens had taken reasonable steps to minimize its net financing costs, it may be possible over time to further reduce those costs as the premiums collected become more consistent with those that would be calculated using actuarially determined rates. In addition, we noted that Citizens procedures for obtaining proof of loss statements and recording and analyzing data for claims with an assignment of benefits needed improvement, certain security controls related to selected Citizens information technology systems needed improvement, and Citizens did not always timely deactivate purchasing cards upon a cardholder's separation from Citizens employment.

A listing of all State Government audit and attestation reports issued during the period November 1, 2017, through October 31, 2018, is included in [EXHIBIT B](#) of this Annual Report.

EDUCATIONAL ENTITIES

Pursuant to law, the Auditor General has extensive audit responsibilities involving educational entities, including school districts, State universities, and State colleges. These responsibilities include audits of financial statements, compliance with requirements of Federal awards, and selected operations. We also perform examinations of school district and other entity compliance with State requirements relating to the classification, assignment, and verification of the full-time equivalent (FTE) student enrollment and student transportation reported under the Florida Education Finance Program. An overview of our audit activities is included on the following pages.

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OTHER EDUCATIONAL ENTITIES AND PROGRAMS	31

SCHOOL DISTRICTS

School Districts Audit Impact Measures	
Total asset values upon which financial statement opinions were rendered	\$16.2 billion
Total revenues upon which financial statement opinions were rendered	\$10.2 billion
Total Federal awards expenditures for major programs audited	\$337.5 million
<hr/>	
Number of audit reports issued	
Financial and Federal Awards	47
Operational	<u>24</u>
Total number of audit reports issued	<u>71</u>
Number of audit findings	200
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Number of findings identifying potential opportunities for cost recovery, savings, or loss avoidance	107
Total amount identified for cost recovery, savings, or loss avoidance	\$71.9 million

Financial Statements We audited the financial statements of 47 school districts for the fiscal year ended June 30, 2017. We found that the school districts' financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. We reported conditions involving internal control, including a material weakness⁵ and material noncompliance⁶ at one school district, a material weakness at a second school district, and significant deficiencies⁷ at seven school districts. The material weakness and material noncompliance finding at the first school district related to deficient controls over the budgetary and financial reporting processes which contributed to school district General Fund total assigned and unassigned fund balance declining by \$912,852 (from \$672,874 to a deficit of \$239,978) or 136 percent during the 2016-17 fiscal year. The material weakness at the second school district pertained to improvements needed in the school district's monitoring of its charter schools' financial activities. Such improvements

⁵ A material weakness is a deficiency, or a 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.

⁶ Material noncompliance is noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements.

⁷ A significant deficiency is a deficiency, or a 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.

include the need to obtain charter school audit reports for consideration in the audit of the school district's financial statements. The significant deficiencies noted at seven school districts related to financial reporting procedures, inappropriate or unnecessary information technology access privileges, inadequate separation of duties, and improvements needed in accountability over school internal funds.

Federal Awards In conjunction with our financial audits of the 47 school districts, we examined the school districts' compliance with Federal laws, regulations, and the terms and conditions for school district major Federal awards programs. Pursuant to the Federal Single Audit Act, the auditor is to express an opinion on compliance for each school district major Federal awards program and test and report on internal controls over compliance in accordance with Uniform Guidance. The number of major Federal awards programs ranged from one to three at the 47 school districts we audited. In summary, our audits of the various major Federal awards programs at school districts disclosed that:

- ◆ 2 school districts did not comply with requirements considered material to one or more major Federal awards programs, resulting in findings of noncompliance and material weaknesses⁸ in internal control over Federal awards programs and qualified opinions on those programs.
- ◆ 5 school districts had deficiencies in internal controls over compliance with Federal awards requirements, which resulted in 9 significant deficiency⁹ findings. These 5 school districts were cited for unreconciled food service program billings, resulting in overpayments; certain undocumented services for Special Education programs; noncompliance with various requirements related to the Federal Pell Program; maintaining excess net cash resources in the food service program; unverified food service program free and reduced-price meal applications; and other deficiencies.
- ◆ 9 findings, that related to 6 school districts, identified Federal awards questioned costs totaling \$1,440,441. 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 supportive of the 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 During the period November 1, 2017, through October 31, 2018, we conducted operational audits for 24 school districts and considered the school districts' performance with respect to a variety of areas including internal control systems and compliance with specific laws and General Appropriations Act provisos. For example, our operational audits evaluated processes relating to procurement and construction practices, cash collections, monitoring charter schools, personnel compensation and payroll administration, information technology, adult general education enrollment reporting to the Department of Education, virtual instruction programs, and the use of ad valorem tax levy proceeds and other capital outlay funds.

⁸ A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

⁹ A significant deficiency in internal control over compliance is a deficiency, or a 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.

Our operational audit findings are tabulated in Table 3 by audit area along with the financial and Federal awards audit findings. For several audit areas, similar findings were noted at multiple school districts.

Table 3
Tabulation of School District
Audit Findings by Audit Area

Audit Area	Number of	
	Findings	Districts
Ad Valorem Tax Program and Capital Outlay	7	6
Adult General Education Enrollment Reporting	9	9
Board Policies and Actions	2	2
Capital Assets, Equipment, and Inventory	3	3
Cash and Cash Collections	3	3
Charter Schools	3	3
Construction and Related Activities	27	8
Direct-Support Organization	1	1
Facilities	3	3
Federal Awards	15	7
Financial Management and Budgetary Internal Controls	6	5
Financial Reporting	6	6
Information Technology Internal Controls	43	24
Insurance	7	6
Internal Audit Function	2	2
Personnel and Payroll	35	18
Purchasing Practices and Contractual Services	21	15
Virtual Instruction Programs	6	6
Workforce Development Funds	1	1

The findings we noted for some of the audit areas are briefly described below.

- ◆ **Information Technology Internal Controls** – For 24 school districts, we reported that enhancements were needed regarding information technology (IT) internal controls for financial and related systems. For example, enhancements were needed for restricting IT access privileges to only what is needed by the user to perform assigned job duties, reviewing certain IT access privileges to promote the timely detection of inappropriate or unnecessary privileges, and timely deactivating the IT access privileges of former employees. Some of the inappropriate or unnecessary privileges noted increased the risk that unauthorized disclosure of sensitive personal student information, including student social security numbers, may occur. We also noted that school districts could enhance internal controls over IT by improving user authentication internal controls, as well as logging and monitoring significant system and network activity. Other needed enhancements involved developing effective internal controls to address management’s security-related responsibilities, including risk assessment, data loss prevention, disaster recovery, and security incident response.

- ◆ **Personnel and Payroll** – Our audits disclosed that 18 school districts needed to enhance internal controls over the administration of personnel and payroll. For example, we noted Florida Best and Brightest Teacher Scholarship Program awards to ineligible recipients and inadequate records to support recipient eligibility; incomplete payroll records or incompatible duties related to payroll; the lack of timely employee background screenings; and the lack of board-approved salary schedules, salary schedules that did not comply with State law, or a lack of a documented process addressing statutory compensation requirements. We also noted certain school districts had not established procedures to verify that applicants had the required teacher certificates before being hired to teach, as well as a lack of compliance with State laws relating to teachers with out-of-field assignments. In addition, performance assessments were not always performed in accordance with State law. Amounts identified for cost recovery, savings, or loss avoidance related to the personnel and payroll audit findings ranged from \$6,817 to \$198,070.
- ◆ **Purchasing Practices and Contractual Services** – Our audits disclosed that 15 school districts needed to enhance internal controls over purchasing practices and contractual services. For example, we noted enhancements were needed in internal controls over purchasing card programs and the administration of contractual service agreements and related payments. At 1 school district, we noted that the third-party provider software license agreement lacked certain necessary provisions. Amounts identified for cost recovery, savings, or loss avoidance related to the purchasing practices and contractual services audit findings ranged from \$9,103 to \$1,156,185.
- ◆ **Adult General Education Enrollment Reporting** – For 9 school districts, we noted that enhancements were needed in internal controls over the reporting of Adult General Education instructional contact hours to the Department of Education. We noted instances in which contact hours were over reported or under reported for various reasons, such as the lack of student participation records, staff turnover, and errors in manual calculations.
- ◆ **Construction and Related Activities** – At 8 school districts, we reported that internal controls over facilities construction and maintenance could be improved. Examples of internal control improvements needed included properly procuring or monitoring construction, architectural, or subcontractor services. We noted instances in which school districts did not verify the licenses of subcontractors, compare construction management entity (CME) pay requests with applicable contracts or bids, or properly monitor CME general conditions costs. A lack of appropriate penalty clauses in construction contracts was also disclosed. Amounts identified for cost recovery, savings, or loss avoidance related to the construction and related activities audit findings ranged from \$5,000 to \$1,200,000.

A listing of all school district audit reports issued during the period November 1, 2017, through October 31, 2018, is included in [EXHIBIT B](#) of this Annual Report.

FLORIDA EDUCATION FINANCE PROGRAM

Florida Education Finance Program Full-Time Equivalent Student Enrollment and Student Transportation Examination Impact Measures	
Total FTE Student Enrollment reported upon which compliance opinions were rendered	1,453,683
Total FTE Student Enrollment funding for entities examined	\$3.9 billion
Total Student Transportation funding for entities examined	\$213 million
Number of compliance examination reports issued for School Districts	25
Number of reports disclosing material noncompliance	25

Florida Education Finance Program (FEFP) funding, including Student Transportation funding (net of local school district funding), totaled approximately \$7.8 billion and \$8.1 billion, respectively, for the 2015-16 and 2016-17 fiscal years. During the period November 1, 2017, through October 31, 2018, we completed examinations of the records of 10 school districts for the fiscal year ended June 30, 2016, and 15 school districts for the fiscal year ended June 30, 2017. These examinations were conducted to evaluate compliance with State requirements relating to the classification, assignment, and verification of the full-time equivalent (FTE) student enrollment and students transported as reported under the FEFP.

Our examinations disclosed that, except for the material noncompliance noted in certain FEFP programs, the 25 school districts complied with State requirements. 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. Table 4 summarizes the areas of material noncompliance noted in our reports.

Table 4
Tabulation of Entities with FEFP FTE Student Enrollment
and Student Transportation Findings
by Material Noncompliance Area

Material Noncompliance Area	Number of Entities
Preparation and Maintenance of Student Records	25
Teacher Qualifications	12
Ridership Classification and Funding Eligibility of Transported Students	15

As shown in Table 4, the most common area of material noncompliance pertained to the preparation and maintenance of student records. For example, our examinations disclosed reporting errors or student 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 noted instances in which teachers did not meet State certification requirements, teachers' out-of-field assignments were not approved by the school board, parents were not notified regarding teachers' out-of-field status, and teachers did not earn the required in-service training points in English for Speakers of Other Languages strategies. The material noncompliance we noted related to student transportation involved students' reported ridership classification or eligibility for State transportation funding.

The Department of Education is responsible for resolving the adjustments proposed 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 Department of Education 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 Student Enrollment and Student Transportation attestation examination reports issued during the period November 1, 2017, through October 31, 2018, is included in EXHIBIT B of this Annual Report.

STATE UNIVERSITIES AND STATE COLLEGES

State Universities and State Colleges Audit Impact Measures

Total asset values upon which financial statement opinions were rendered	\$33.2 billion
Total revenues upon which financial statement opinions were rendered	\$17.9 billion
<hr/>	
Number of audit reports issued	
Financial	40
Operational	<u>16</u>
Total number of audit reports issued	<u>56</u>
Number of audit findings	106
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Number of findings identifying potential opportunities for cost recovery, savings, or loss avoidance	4
Total amount identified for cost recovery, savings, or loss avoidance	\$270,383

Financial Statements During the period November 1, 2017, through October 31, 2018, we completed audits of the financial statements of 12 State universities and 28 State colleges for the fiscal year ended June 30, 2017. 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. However, we also reported a significant deficiency at one State college. The significant deficiency pertained to College procedures that were not adequate to properly record and report transactions and account balances associated with long-term debt.

Federal Awards We audited the Federal awards program expenditures of the State universities and State colleges as part of our Single Audit of the State of Florida. A description of our Single Audit of the State of Florida begins on page 16.

Operational Audits During the period November 1, 2017, through October 31, 2018, we issued operational audit reports for 4 State universities and 12 State colleges. Our operational audits focused on several areas involving board oversight, such as policies regarding the use of State university or State college property, facilities, and services by direct-support organizations, as well as employment agreements and compensation. Our audits also evaluated internal controls over numerous operational areas and compliance with applicable Florida Statutes and other requirements. For example, we tested selected information technology internal controls, the assessment and use of tuition fees, internal

controls over the administration of construction contracts, procurement practices, textbook affordability, and internal controls over the administration of payroll and personnel.

Our operational audit findings and the financial audit finding are tabulated in Table 5 by audit area.

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

Audit Area	Number of	
	Findings	Institutions
Adult General Education Enrollment Reporting	3	3
Auxiliary Enterprises	2	2
Board Policies and Actions	5	5
Cash and Cash Collections	2	2
Construction and Related Activities	5	2
Direct-Support Organizations	17	16
Distance Learning	1	1
Facilities	1	1
Financial Management	7	7
Information Technology Internal Controls	22	15
Investments	1	1
Personnel and Payroll	17	10
Purchasing Practices and Contractual Services	6	5
Reporting to State Oversight Officials	2	2
Sexual Predator and Sexual Offender Registry Notification	1	1
Textbook Affordability	10	10
Tuition and Fees	4	4

Some findings we noted at several State universities or State colleges are summarized below.

- ◆ **Direct-Support Organizations** – For 16 institutions, we reported that policies and records supporting institution property, facilities, and personal services use by direct-support organizations could be improved. We also noted that 2 institutions made payments to or on behalf of direct-support organizations without specific legal authority and 1 institution leased a facility from its direct-support organization without documenting whether the lease was the most cost-effective or beneficial option for office space. Amounts identified for cost recovery, savings, or loss avoidance related to the direct-support organization audit findings ranged from \$5,000 to \$199,265.
- ◆ **Information Technology Internal Controls** – For 15 institutions, we reported that information technology (IT) internal controls enhancements were needed for financial and related systems. Needed enhancements involved restricting IT access privileges to only those needed to perform assigned job duties and developing procedures to timely review access privileges. We noted an increased risk of disclosure of prospective, former, and current student social security numbers due

to these inadequate access controls. We also noted instances in which institutions did not timely deactivate access privileges for former employees. Examples of other internal control deficiencies noted include the lack of a security awareness program, the lack of a comprehensive, written IT disaster recovery plan, and a need for security controls related to user authentication.

- ◆ **Personnel and Payroll** – Ten institutions needed to improve the administration of personnel and payroll functions. For example, we noted instances in which institutions made severance and terminal leave payments that exceeded the limits established in State law. We also noted that several institutions needed to implement procedures to ensure that certain employees reported time worked and supervisory approval of the time worked was documented. One institution did not document the reasonableness of the President's compensation during his anticipated sabbatical when he will hold the position of President Emeritus. Amounts identified for cost recovery, savings, or loss avoidance related to the personnel and payroll audit findings ranged from \$6,737 to \$59,381.
- ◆ **Textbook Affordability** – Ten institutions needed to improve textbook affordability policies and procedures. For example, we noted that certain institutions did not timely post textbook information to the institutions' Web sites or to the institutions' course registration system or did not maintain records to document the dates the required textbook information was posted. College and university chancellors are required to report the required and recommended textbooks information to the Board of Governors and we noted instances in which certain institutions relayed inaccurate information to the chancellors for this purpose. We also noted instances in which institutions needed to implement or enhance procedures to help ensure that textbooks are available to students at the best prices available.
- ◆ **Financial Management** – Seven institutions needed to enhance internal controls over financial management. As discussed in the **Financial Statements** section on page 28, one of the seven institutions needed to enhance internal controls to ensure that transactions and account balances associated with long-term debt are properly recorded and reported. Several institutions needed to enhance procedures related to student receivables.

A listing of all State university and State college audit reports issued during the period November 1, 2017, through October 31, 2018, is included in [EXHIBIT B](#) of this Annual Report.

OTHER EDUCATIONAL ENTITIES AND PROGRAMS

Florida Bright Futures Scholarship Program Pursuant to Section 1009.53(5)(c), Florida Statutes, in connection with our financial audits conducted pursuant to Section 11.45(2)(c), Florida Statutes, we conducted an operational audit of the administration of the Bright Futures Scholarship Program (Program) by the State's 12 universities and 28 colleges for the fiscal years ended June 30, 2016, and June 30, 2017. Program funds disbursed to students totaled \$201 million and \$182 million, during the fiscal years ended June 30, 2016, and June 30, 2017, respectively. Our audit disclosed that 12 of the 40 institutions did not always timely remit undisbursed Program funds to the Department of Education.

A listing of all audit reports issued during the period November 1, 2017, through October 31, 2018, including our report on the Florida Bright Futures Scholarship Program, 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 the 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 Agencies and Related Entities We issued nine IT operational audit reports for State agencies and related entities during the period November 1, 2017, through October 31, 2018. These audits evaluated critical or complex systems, processes, or controls at eight State agencies and the Northwest Regional Data Center (NWRDC) at Florida State University. These systems, processes, and controls included:

- ◆ The Offender Based Information System (OBIS) – the primary system and official data repository used by the Department of Corrections to manage information related to active inmates and offenders on community supervision.
- ◆ The Licensing and Enforcement Information Database System (LEIDS) – the system used by the Department of Health, Division of Medical Quality Assurance, to support the Division's key business processes of licensing, enforcement, and public information.
- ◆ The Integrated Retirement Information System (IRIS) – the system used by the Department of Management Services, Division of Retirement, to support retirement services functions.
- ◆ Data center operations at the Agency for State Technology.
- ◆ The Federal Family Education Loan Program (FFELP) System – the system used by the Department of Education, Office of Student Financial Assistance, to maintain information relating to higher education loans.
- ◆ The Unclaimed Property Management Information System (UPMIS) – the system used by the Department of Financial Services, Division of Unclaimed Property, to manage the collection and distribution of unclaimed property.
- ◆ Data center operations at the NWRDC.
- ◆ IT general and security controls applicable to the Fish and Wildlife Conservation Commission.

- ◆ The Florida Online Recipient Integrated Data Access (FLORIDA) System – the 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.

Educational and Related Entities During the period November 1, 2017, through October 31, 2018, we issued seven IT operational audit reports for educational entities, including one State university, five State colleges, and one school district. These audits evaluated:

- ◆ Selected IT internal controls and operational processes at the Leon County School District applicable to the Skyward school business suite software, including the contractual relationship with Integrated Systems Corporation as the application service provider for the District's Skyward installation.
- ◆ Selected IT internal controls and operational processes at the Northwest Florida State College applicable to the Ellucian Banner® Enterprise Resource Planning system and the Ellucian Luminis Platform software.
- ◆ Selected IT internal controls at the Florida Gateway College applicable to the Ellucian Banner® Enterprise Resource Planning system for maintaining and processing student account information and the College's compliance with the Federal Trade Commission's Standards for Safeguarding Customer Information.
- ◆ Selected IT internal controls and operational processes at the Eastern Florida State College applicable to the Ellucian Banner® Enterprise Resource Planning system.
- ◆ Selected IT internal controls and operational processes at Tallahassee Community College applicable to Workday® Enterprise Cloud Applications, including the contractual relationship with Workday, Inc. as the provider for the College's Workday® Software as a Service subscription.
- ◆ Selected IT internal controls at the University of West Florida applicable to the Ellucian Banner® Enterprise Resource Planning system for maintaining and processing student account information and the University's compliance with the Federal Trade Commission's Standards for Safeguarding Customer Information.
- ◆ Selected IT internal controls at the South Florida State College applicable to the Ellucian Banner® Enterprise Resource Planning (Banner® ERP) system for maintaining and processing student account information, the College's compliance with the Standards for Safeguarding Customer Information, and the infrastructure supporting the College's Banner® ERP system.

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. We noted findings related to general internal controls as well as business process application internal controls.

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

Control Area	Number of	
	Findings	Entities
Business Process Application Controls:		
Application-Level General	18	6
Business Process	11	6
Security Management	6	4
Configuration Management	4	3
General Controls:		
Security Management	14	10
Access	11	6
Contingency Planning	5	2
Configuration Management	1	1
Data Center Operations	3	2

Some of the common findings related to:

- ◆ Excessive or unnecessary user access privileges.
- ◆ Untimely removal of user access privileges.
- ◆ Lack of appropriate access authorization documentation for system users.
- ◆ Insufficient review of the appropriateness of user access privileges.
- ◆ Insufficient backup and recovery policies, procedures, and processes.
- ◆ Inadequate data quality controls.
- ◆ Inadequate internal controls over change management.
- ◆ Lack of or inadequate comprehensive information security program for compliance with the Federal Trade Commission’s Standards for Safeguarding Customer Information.
- ◆ Inadequate business process internal controls.
- ◆ Inadequate contingency planning and operations.
- ◆ Insufficient incident response management.

To avoid the possibility of compromising entity data and IT resources, we did not disclose in the public reports the specific details of certain sensitive matters we noted for 15 of the 16 entities discussed in this section. Specific details of these matters, included in a total of 58 findings, were separately communicated to applicable entity management. These matters involved security control deficiencies relating to various topics such as user authentication, logging and monitoring, physical security of data, protection of confidential and exempt information, administrative access privileges, and configuration management.

ANALYTICAL AND AUTOMATED PROCEDURES AND AUDIT APPLICATIONS

In addition to IT operational audits, extensive IT support is provided to the Auditor General'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 professional audit staff. CAATs services also include a variety of data queries and other data analyses that can identify unexpected or unexplained patterns that may be indicative of fraud. With the volume of data continuously growing, the use of CAATs allows increased audit coverage, more thorough and consistent analysis of data, and reduced audit risk. All this is accomplished 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 electronic audit working papers that document the audit work performed, 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 independent certified public accountants.

A listing of all IT operational audit reports issued during the period November 1, 2017, through October 31, 2018, is included in [EXHIBIT B](#) of this Annual Report.

OTHER AUDITS AND ACCOUNTABILITY ACTIVITIES

LOCAL GOVERNMENT AUDITS

Pursuant to Section 11.45(2)(j), Florida Statutes, we audit local governmental entities when determined to be necessary by the Auditor General, when directed by the Legislative Auditing Committee or the Legislature, or when otherwise required by law. During the period November 1, 2017, through October 31, 2018, we issued reports on two operational audits directed by the Legislative Auditing Committee and Legislature; two reports related to operational audits of water management districts, pursuant to Section 11.45(2)(f), Florida Statutes; one report related to an operational audit of the Florida Clerks of Court Operations Corporation pursuant to Section 11.45(2)(f), Florida Statutes; and two reports disclosing the results of the follow-up procedures we performed pursuant to Section 11.45(2)(j), Florida Statutes, at local governmental entities.

City of North Miami The findings disclosed in our operational audit report No. 2018-038 included, for example:

- ◆ The City experienced significant turnover in key management positions, which may have contributed to numerous control deficiencies and instances of noncompliance.
- ◆ The City had not established effective bank account reconciliation procedures.
- ◆ City expenditures were not always adequately supported or the public purpose thereof documented.
- ◆ Contracts were not always adequately managed and monitored.
- ◆ City procedures did not demonstrate a fair and equitable competitive selection process for the acquisition of building inspection and permitting services.
- ◆ City controls over purchasing cards, travel expenditures, severance pay, and information technology were not adequate, sometimes resulting in disbursements of City funds for questionable purposes.

Hillsborough County Aviation Authority - Tampa International Airport - 2012 Master Plan Capital Projects The findings disclosed in our operational report No. 2018-080 of the Authority included, for example:

- ◆ Justifications were not documented for deviations from Technical Evaluation Committee rankings of respondents to requests for professional service proposals and qualifications.
- ◆ Authority records did not demonstrate the legal authority for, or necessity of, the Authority's Art Program, which had a \$3.5 million budget.
- ◆ Procedures were not adequate to ensure project change orders exceeding established thresholds were properly reviewed and approved by the Authority.
- ◆ Authority procedures needed to be enhanced to verify subcontractors are properly licensed and selected using a competitive process and that subcontractor bid awards, contract amounts, and related payments agree.
- ◆ Controls over expansion of the Authority's enterprise resource planning system were not adequate to preclude unauthorized access by contractor employees to certain protected and sensitive information.

South Florida Water Management District The findings disclosed in our operational audit report No. 2018-208 included, for example:

- ◆ Controls over cash collections and bank account reconciliations continue to need improvement.
- ◆ The District continues to lack policies and procedures that ensure verification of public deposit information and timely submission of required reports to the State Chief Financial Officer.
- ◆ District records did not always document the basis for merit bonus payments during the 2016 calendar year.

Southwest Florida Water Management District The findings disclosed in our operational audit report No. 2019-001 included, for example:

- ◆ District records could be enhanced to better document the competitive procurement process.
- ◆ The District should continue efforts to enhance and document the periodic monitoring and evaluation of the use and need for District motor vehicles.
- ◆ Controls over employee access privileges to District data and information technology resources need enhancement.

Florida Clerks of Court Operations Corporation The findings disclosed in our operational audit report No. 2018-076 included, for example:

- ◆ Despite efforts by the Corporation, the clerks of court did not always timely submit performance measure reports to the Corporation.
- ◆ Improvements were needed in Corporation service contracting procedures.
- ◆ The Corporation did not timely submit the required public deposit information report to the State Chief Financial Officer.
- ◆ Contrary to State law, the Corporation did not contract with the Department of Financial Services (DFS) to audit the court-related expenditures of individual courts. While the lack of a contract did not prevent DFS from conducting certain audits, a properly executed contract could establish which and how many clerks will be audited each year, the scope and methodology of the audits, and the time frames for completing the audits.

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.

- ◆ **City of Starke** - Our follow-up audit report No. 2019-003 disclosed that, of the 35 findings and recommendations contained in our report No. 2015-009, the City's actions corrected 8 findings, partially corrected 14 findings, and did not correct 13 findings.
- ◆ **Health Care District of Palm Beach County** - Our follow-up audit report No. 2019-011 disclosed that, of the 4 findings and recommendations in our report No. 2016-189, the District corrected 1 finding, partially corrected 2 findings, and did not correct 1 finding.

SCHOLARSHIP FUNDING ORGANIZATIONS

Pursuant to Sections 11.45(2)(k) and 1002.385(14)(a), Florida Statutes, we conduct annual operational audits of the accounts and records of eligible nonprofit scholarship-funding organizations participating in a State-sponsored scholarship program authorized by Chapter 1002, Florida Statutes.

AAA Scholarship Foundation – FL, LLC In our operational audit report No. 2018-036, we noted that the Foundation needed to develop and maintain comprehensive investment policies and procedures to enhance the protection of program funds while increasing investment earnings.

Step Up For Students, Inc. The findings in our operational audit report No. 2019-012 included:

- ◆ Household income of Florida Tax Credit Program scholarship applicants was not always properly evaluated to ensure that scholarships were awarded only to eligible students.
- ◆ Comprehensive investment policies and procedures needed to be developed and maintained to enhance the protection of program funds while increasing investment earnings.
- ◆ Procedures did not ensure that exempt employees maintained records of time worked or require supervisory approval of such records.

OTHER AUDITS

Pursuant to Section 11.45(2)(g), Florida Statutes, we performed a performance audit of the local government financial reporting system to determine the accuracy, efficiency, and effectiveness of the local government financial reporting system in achieving its goals and to make recommendations to local governments, the Governor, and the Legislature as to how the reporting system can be improved and how program costs can be reduced.

Local Government Financial Reporting System The findings disclosed in our performance audit report No. 2019-028 included, for example:

- ◆ Several State laws could be enhanced to better ensure certain audits are conducted in accordance with legislative intent, qualified persons serve on local government audit committees, and community redevelopment agencies' funds are used and disposed of in accordance with legislative intent.
- ◆ The Executive Office of the Governor (EOG) did not always promptly make state of financial emergency determinations for local governmental entities that met specified conditions or notify the Legislative Auditing Committee of local governmental entities that did not timely respond to EOG information requests.

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 independent 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, www.FLAuditor.gov. 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 publishes a compliance supplement to assist CPAs in conducting local governmental entity audits pursuant to Section 218.39, Florida Statutes. The Auditor General also publishes another compliance supplement to assist auditors in identifying significant compliance issues that affect the operations of school districts and to provide a resource for the efficient and cost-effective research of significant laws and rules applicable to school district operations.

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 a CPA and submit a copy of the audit report to the Auditor General. We review the audit reports to determine whether:

- ◆ The auditor's reports comply with applicable *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(12)(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 Department of Financial Services rules and Rules of the Auditor General. We report the results of our reviews to the Legislature.

Significant Findings and Financial Trends In conjunction with our review of audit reports, we compile and transmit to the Legislature summaries of significant findings and financial trends 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, or local government, as applicable, that:

- ◆ Failed to comply with the Section 218.39, Florida Statutes, audit requirements.¹⁰
- ◆ 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.¹¹
- ◆ 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 other CPAs.
- ◆ Met one or more of the conditions specified in Section 218.503(1), Florida Statutes.¹²

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 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 State agencies' Offices of Inspectors General (OIGs) internal audit activities. We issued 25 quality assessment review reports during the period November 1, 2017, through October 31, 2018. Eleven of the reports addressed review periods of July 2017 through June 2018, and 14 of the reports addressed review periods of July 2016 through June 2017.

For 24 of the 25 reviews, we reported that the quality assurance and improvement program related to the OIGs' internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by the Institute of Internal Auditors. We also found that the OIGs generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' OIG internal audit activities.

During our review of the Agency for State Technology OIG, we found that the OIG did not issue any audit reports during the review period July 2016 through June 2017. Consequently, the scope of our review was not sufficient to enable us to express, and we did not express, an opinion on the OIG's quality assurance and improvement program or on the extent to which the OIG's internal audit activity complied with applicable professional auditing standards and the Code of Ethics issued by The Institute of Internal Auditors.

¹⁰ For special districts, we are also required to notify the Department of Economic Opportunity.

¹¹ This requirement also applies to operational audits of school districts, State universities, and State colleges conducted pursuant to Section 11.45, Florida Statutes.

¹² 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.

During our quality assessment reviews of the Department of Financial Services and the Department of Military Affairs, we noted that, while not material to overall conformance to professional auditing standards, the internal audit activity of both OIGs could better demonstrate compliance with professional auditing standards by, respectively, appropriately restricting access to audit working papers and ensuring engagement work programs are approved prior to implementation.

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, our professional audit staff 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 issued during the period November 1, 2017, through October 31, 2018, is included in [EXHIBIT B](#) of this Annual Report.

ANNUAL REPORT EXHIBITS

EXHIBIT A is our projected work plan for the 2019-20 and 2020-21 fiscal years and, as additional information, we have included three other exhibits in this Annual Report.

<p>EXHIBIT A Projected Work Plan 2019-2020 and 2020-2021</p>	<p>EXHIBIT A represents our Projected 2-Year Work Plan for the 2019-20 and 2020-21 fiscal years based on our analyses as of November 30, 2018. 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 43 - 46</p>
<p>EXHIBIT B Reports Issued During the Period November 1, 2017, Through October 31, 2018</p>	<p>EXHIBIT B lists each report we issued during the period November 1, 2017, through October 31, 2018. The report information is generally provided by entity type; however, some report information is listed under other audits and accountability activities.</p>	<p>Pages 47 - 54</p>
<p>EXHIBIT C Reports Issued or Scheduled to Be Issued Subsequent to October 31, 2018, and by March 31, 2019</p>	<p>EXHIBIT C provides information on our audit activities completed or in progress subsequent to the October 31, 2018, cutoff date for this Annual Report. We post reports to our Web site www.FLAuditor.gov as the reports are issued.</p>	<p>Pages 55 - 57</p>
<p>EXHIBIT D Auditor General Contact Information</p>	<p>EXHIBIT D includes the names and telephone numbers of Auditor General management and each individual's areas of reporting responsibility. Contact information is also located in each audit report.</p>	<p>Page 58</p>

EXHIBIT A

PROJECTED WORK PLAN 2019 – 2020

◆ **Financial Audits:**

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

◆ **Operational and Performance Audits:**

- *Agency for Health Care Administration*
- *Agency for State Technology – State Data Center Operations – Information Technology Audit*
- *Board of Governors*
- *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*
- *Department of Education*
- *Department of Elder Affairs*
- *Department of Financial Services*
- *Department of Financial Services – Florida Accounting Information Resource Subsystem (FLAIR) – Information Technology Audit*
- *Department of Financial Services – Investment Accounting System, Cash Management Subsystem, and Investment Accounting System – Information Technology Audit*
- *Department of Highway Safety and Motor Vehicles*
- *Department of Juvenile Justice*
- *Department of Law Enforcement*

EXHIBIT A

PROJECTED WORK PLAN 2019 – 2020

◆ Operational and Performance Audits (Continued):

- *Department of Management Services – Division of Retirement Integrated Retirement Information System (IRIS) – Information Technology Audit*
- *Department of State*
- *Executive Office of the Governor*
- *Florida Bright Futures Scholarship Program*
- *Florida School for the Deaf and the Blind*
- *Florida State University Northwest Regional Data Center – Cost Allocation Processes*
- *Florida State University Northwest Regional Data Center – Data Center Operations – Information Technology Audit*
- *Information Technology Audits of Selected State Agency and Educational Entity Major Systems*
- *Selected Local Governmental Entities*
- *Office of Insurance Regulation*
- *Scholarship Funding Organizations*
- *School Districts (19)*
- *State Colleges (7)*
- *State Universities (5)*
- *Triumph Gulf Coast, Inc.*
- *Value Adjustment Boards*

◆ Florida Education Finance Program Examinations:

- *School Districts (26)*

◆ 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 Significant Findings and Financial Trends*
- *Per Diem Cost Certifications upon the Request of the Department of Management Services or Department of Corrections*
- *Quality Assessment Reviews of Offices of Inspectors General Internal Audit Activities (7)*
- *Technical Advice and Rule and Guideline Maintenance*

EXHIBIT A

PROJECTED WORK PLAN 2020 – 2021

◆ **Financial Audits:**

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

◆ **Operational and Performance Audits:**

- *Agency for Health Care Administration*
- *Agency for Persons with Disabilities*
- *Agency for State Technology*
- *Agency for State Technology – State Data Center Operations – Information Technology Audit*
- *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 Environmental Protection*
- *Department of Economic Opportunity – Reemployment Assistance Claims and Benefits Information System – Information Technology Audit*
- *Department of Financial Services – Florida Accounting Information Resource Subsystem (FLAIR) – Information Technology Audit*
- *Department of Health*
- *Department of Management Services*
- *Department of Military Affairs*
- *Department of Management Services – Division of Retirement Integrated Retirement Information System (IRIS) – Information Technology Audit*

EXHIBIT A

PROJECTED WORK PLAN 2020 – 2021

◆ Operational and Performance Audits (Continued):

- *Department of Revenue*
- *Department of Revenue – Ad Valorem Tax Program*
- *Department of Transportation*
- *Department of Veterans' Affairs*
- *Fish and Wildlife Conservation Commission*
- *Florida State University Northwest Regional Data Center – Data Center Operations – Information Technology Audit*
- *Information Technology Audits of Selected State Agency and Educational Entity Major Systems*
- *Judicial-Related Entities*
- *Local Government Financial Reporting System*
- *Selected Local Governmental Entities*
- *Scholarship Funding Organizations*
- *School Districts (24)*
- *State Board of Administration*
- *State Colleges (8)*
- *State Universities (5)*
- *Triumph Gulf Coast, Inc.*

◆ Florida Education Finance Program Examinations:

- *School Districts (32)*

◆ 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 Significant Findings and Financial Trends*
- *Per Diem Cost Certifications upon the Request of the Department of Management Services or Department of Corrections*
- *Quality Assessment Reviews of Offices of Inspectors General Internal Audit Activities (14)*
- *Technical Advice and Rule and Guideline Maintenance*

EXHIBIT B
Reports Issued During the Period
November 1, 2017, Through October 31, 2018

Report Number	Audited Entity and Report Title	Report Issue Date
State Government		
2018-172	Agency for Health Care Administration - Collection and Use of Medicaid Managed Care Encounter Data and Selected Administrative Activities - Operational Audit	03/27/2018
2019-015	Agency for Health Care Administration - Medicaid Enterprise System Procurement Project and Selected Administrative Activities - Operational Audit	08/29/2018
2018-187	Agency for State Technology - State Data Center Operations - Information Technology Operational Audit	03/29/2018
2019-025	Commission on Offender Review - Parole, Conditional Medical Release Program, and Selected Administrative Activities - Operational Audit	09/21/2018
2018-087	Department of Business and Professional Regulation - Division of Pari-Mutuel Wagering and Selected Administrative Activities - Operational Audit	01/17/2018
2019-022	Department of Children and Families - Florida Online Recipient Integrated Data Access (FLORIDA) System - Information Technology Operational Audit	09/12/2018
2018-082	Department of Corrections - Administration of Re-Entry Programs - Operational Audit	01/04/2018
2018-039	Department of Corrections - Offender Based Information System - Information Technology Operational Audit	11/28/2017
2018-139	Department of Economic Opportunity and Enterprise Florida, Inc. - State Economic Development Incentive Programs and Selected Department Administrative Activities - Operational Audit	03/14/2018
2018-196	Department of Education - Federal Family Education Loan Program (FFELP) System - Information Technology Operational Audit	03/30/2018
2018-083	Department of Education - Selected Administrative Activities and Information Technology Controls - Operational Audit	01/09/2018
2018-122	Department of Environmental Protection - Administration of State Land Acquisitions and Dispositions - Operational Audit	03/08/2018
2018-211	Department of Financial Services - Division of State Fire Marshal and Information Technology Controls - Operational Audit	06/06/2018
2018-210	Department of Financial Services - Unclaimed Property Management Information System (UPMIS) - Information Technology Operational Audit	06/06/2018
2018-213	Department of Health - Biomedical Research Program and Selected Administrative Activities Prior Audit Follow-Up - Operational Audit	06/19/2018
2018-071	Department of Health - Licensing and Enforcement Information Database System (LEIDS) - Information Technology Operational Audit	12/19/2017
2018-084	Department of Juvenile Justice - Residential Services and Selected Administrative Activities - Operational Audit	01/09/2018
2018-077	Department of Management Services - Integrated Retirement Information System (IRIS) - Information Technology Operational Audit	12/21/2017
2018-078	Department of the Lottery - Comprehensive Annual Financial Report	12/21/2017
2019-013	Department of Veterans' Affairs - Procurement, Veteran Services Billing, and Prior Audit Follow-Up - Operational Audit	08/22/2018
2019-009	Fish and Wildlife Conservation Commission - Information Technology General Controls - Information Technology Operational Audit	08/10/2018
2018-206	Fish and Wildlife Conservation Commission - Property Management and Prior Audit Follow-Up - Operational Audit	04/27/2018

EXHIBIT B
Reports Issued During the Period
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Report Number	Audited Entity and Report Title	Report Issue Date
State Government – Continued		
2019-018	Florida Retirement System and Retiree Health Insurance Subsidy Program Cost-Sharing Multiple Employer Defined Benefit Pension Plans Deferred Outflows for Contributions Subsequent to the June 30, 2017, Measurement Date by Employer	08/31/2018
2018-065	Florida Retirement System Pension Plan and Other State - Administered Systems - Financial Audit	12/18/2017
2019-008	Florida State University - Northwest Regional Data Center - Data Center Operations - Information Technology Operational Audit	08/08/2018
2018-085	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	01/11/2018
2018-034	State Board of Administration - Florida Prepaid College Board and Selected Administrative Activities - Operational Audit	11/14/2017
2018-045	State Board of Administration - Local Government Surplus Funds Trust Fund (Florida PRIME) - (An External Investment Pool) - Financial Audit	11/29/2017
2018-189	State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards ^a	03/30/2018
2018-194	The Florida School for the Deaf and the Blind - Financial Audit	03/30/2018
School Districts		
2018-152	Baker County District School Board - Financial and Federal Single Audit	03/20/2018
2018-086	Baker County District School Board - Operational Audit	01/10/2018
2018-191	Bay County District School Board - Financial and Federal Single Audit	03/30/2018
2018-201	Bay County District School Board - Operational Audit	04/09/2018
2018-112	Bradford County District School Board - Financial and Federal Single Audit	02/14/2018
2018-029	Bradford County District School Board - Operational Audit	11/03/2017
2018-116	Calhoun County District School Board - Financial and Federal Single Audit	02/21/2018
2018-101	Calhoun County District School Board - Operational Audit	02/01/2018
2018-135	Citrus County District School Board - Financial and Federal Single Audit	03/14/2018
2018-148	Columbia County District School Board - Financial and Federal Single Audit	03/19/2018
2018-190	DeSoto County District School Board - Financial and Federal Single Audit	03/30/2018
2018-205	DeSoto County District School Board - Operational Audit	04/23/2018
2018-134	Dixie County District School Board - Financial and Federal Single Audit	03/13/2018
2018-062	Escambia County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/13/2017
2018-170	Flagler County District School Board - Financial and Federal Single Audit	03/26/2018
2018-099	Franklin County District School Board - Financial and Federal Single Audit	02/01/2018
2018-180	Franklin County District School Board - Operational Audit	03/29/2018
2018-124	Gadsden County District School Board - Financial and Federal Single Audit	03/08/2018
2018-140	Gilchrist County District School Board - Financial and Federal Single Audit	03/14/2018
2018-114	Gilchrist County District School Board - Operational Audit	02/21/2018
2018-151	Glades County District School Board - Financial and Federal Single Audit	03/20/2018

^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, 2017*.

EXHIBIT B
Reports Issued During the Period
November 1, 2017, Through October 31, 2018

Report Number	Audited Entity and Report Title	Report Issue Date
School Districts - Continued		
2018-091	Gulf County District School Board - Financial and Federal Single Audit	01/24/2018
2018-162	Hamilton County District School Board - Financial and Federal Single Audit	03/23/2018
2018-164	Hamilton County District School Board - Operational Audit	03/23/2018
2018-120	Hardee County District School Board - Financial and Federal Single Audit	03/02/2018
2018-126	Hendry County District School Board - Financial and Federal Single Audit	03/08/2018
2018-163	Highlands County District School Board - Financial and Federal Single Audit	03/23/2018
2018-157	Highlands County District School Board - Operational Audit	03/21/2018
2018-195	Hillsborough County District School Board - Financial and Federal Single Audit	03/30/2018
2018-173	Hillsborough County District School Board - Operational Audit	03/27/2018
2018-161	Holmes County District School Board - Financial and Federal Single Audit	03/22/2018
2018-192	Indian River County District School Board - Financial and Federal Single Audit	03/30/2018
2018-138	Jackson County District School Board - Financial and Federal Single Audit	03/14/2018
2018-177	Jefferson County District School Board - Financial and Federal Single Audit	03/28/2018
2018-110	Lafayette County District School Board - Financial and Federal Single Audit	02/14/2018
2019-030	Lafayette County District School Board - Operational Audit	10/17/2018
2018-096	Lake County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	01/31/2018
2018-200	Lake County District School Board - Operational Audit	04/06/2018
2018-064	Lee County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/14/2017
2019-026	Lee County District School Board - Operational Audit	09/24/2018
2018-127	Leon County District School Board - Financial and Federal Single Audit	03/09/2018
2018-027	Leon County District School Board - Information Technology Operational Audit	11/01/2017
2018-067	Leon County District School Board - Operational Audit	12/15/2017
2018-141	Levy County District School Board - Financial and Federal Single Audit	03/14/2018
2018-132	Liberty County District School Board - Financial and Federal Single Audit	03/13/2018
2018-103	Liberty County District School Board - Operational Audit	02/01/2018
2018-167	Madison County District School Board - Financial and Federal Single Audit	03/26/2018
2018-053	Marion County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/01/2017
2018-184	Marion County District School Board - Operational Audit	03/29/2018
2018-069	Martin County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/18/2017
2018-185	Martin County District School Board - Operational Audit	03/29/2018
2018-168	Monroe County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	03/26/2018
2018-183	Monroe County District School Board - Operational Audit	03/29/2018
2018-131	Nassau County District School Board - Financial and Federal Single Audit	03/12/2018
2018-111	Okeechobee County District School Board - Financial and Federal Single Audit	02/13/2018
2018-079	Okeechobee County District School Board - Operational Audit	12/21/2017

EXHIBIT B
Reports Issued During the Period
November 1, 2017, Through October 31, 2018

Report Number	Audited Entity and Report Title	Report Issue Date
School Districts – Continued		
2018-075	Pinellas County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/20/2017
2018-156	Pinellas County District School Board - Operational Audit	03/21/2018
2018-149	Putnam County District School Board - Financial and Federal Single Audit	03/19/2018
2018-060	Seminole County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/12/2017
2018-128	Seminole County District School Board - Operational Audit	03/09/2018
2018-055	St. Johns County District School Board - Comprehensive Annual Financial Report and Federal Single Audit	12/05/2017
2018-188	St. Johns County District School Board - Operational Audit	03/29/2018
2018-100	Sumter County District School Board - Financial and Federal Single Audit	02/01/2018
2018-089	Suwannee County District School Board - Financial and Federal Single Audit	01/23/2018
2018-090	Taylor County District School Board - Financial and Federal Single Audit	01/23/2018
2018-041	Union County District School Board - Financial and Federal Single Audit	11/29/2017
2018-028	Union County District School Board - Operational Audit	11/01/2017
2018-033	Wakulla County District School Board - Financial and Federal Single Audit	11/09/2017
2018-098	Walton County District School Board - Financial and Federal Single Audit	01/31/2018
2018-093	Walton County District School Board - Operational Audit	01/25/2018
2018-145	Washington County District School Board - Financial and Federal Single Audit	03/16/2018
Florida Education Finance Program		
2019-017	Alachua County District School Board - Florida Education Finance Program - Attestation Examination	08/31/2018
2018-061	Broward County District School Board - Florida Education Finance Program - Attestation Examination	12/12/2017
2018-056	Clay County District School Board - Florida Education Finance Program - Attestation Examination	12/06/2017
2018-207	Escambia County District School Board - Florida Education Finance Program - Attestation Examination	05/01/2018
2018-204	Gulf County District School Board - Florida Education Finance Program - Attestation Examination	04/19/2018
2019-029	Hardee County District School Board - Florida Education Finance Program - Attestation Examination	10/16/2018
2018-031	Hernando County District School Board - Florida Education Finance Program - Attestation Examination	11/06/2017
2019-020	Indian River County District School Board - Florida Education Finance Program - Attestation Examination	09/07/2018
2019-004	Jackson County District School Board - Florida Education Finance Program - Attestation Examination	07/16/2018
2018-073	Lake County District School Board - Florida Education Finance Program - Attestation Examination	12/19/2017
2019-031	Lee County District School Board - Florida Education Finance Program - Attestation Examination	10/23/2018
2019-027	Leon County District School Board - Florida Education Finance Program - Attestation Examination	09/25/2018
2018-057	Liberty County District School Board - Florida Education Finance Program - Attestation Examination	12/07/2017
2019-014	Miami-Dade County District School Board - Florida Education Finance Program - Attestation Examination	08/27/2018
2018-202	Monroe County District School Board - Florida Education Finance Program - Attestation Examination	04/11/2018
2019-019	Nassau County District School Board - Florida Education Finance Program - Attestation Examination	09/06/2018

EXHIBIT B
Reports Issued During the Period
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Report Number	Audited Entity and Report Title	Report Issue Date
Florida Education Finance Program – Continued		
2019-024	Okeechobee County District School Board - Florida Education Finance Program - Attestation Examination	09/17/2018
2019-010	Orange County District School Board - Florida Education Finance Program - Attestation Examination	08/10/2018
2018-032	Osceola County District School Board - Florida Education Finance Program - Attestation Examination	11/08/2017
2018-074	Pasco County District School Board - Florida Education Finance Program - Attestation Examination	12/20/2017
2018-035	Santa Rosa County District School Board - Florida Education Finance Program - Attestation Examination	11/14/2017
2018-059	Sarasota County District School Board - Florida Education Finance Program - Attestation Examination	12/11/2017
2019-006	St. Johns County District School Board - Florida Education Finance Program - Attestation Examination	07/27/2018
2019-039	St. Lucie County District School Board - Florida Education Finance Program - Attestation Examination	10/30/2018
2018-058	Taylor County District School Board - Florida Education Finance Program - Attestation Examination	12/08/2017
State Universities		
2018-097	Florida Agricultural and Mechanical University - Financial Audit	01/31/2018
2018-119	Florida Atlantic University - Financial Audit	02/28/2018
2018-136	Florida Gulf Coast University - Financial Audit	03/13/2018
2018-186	Florida International University - Financial Audit	03/29/2018
2018-146	Florida Polytechnic University - Financial Audit	03/19/2018
2018-214	Florida Polytechnic University - Operational Audit	06/19/2018
2018-129	Florida State University - Financial Audit	03/13/2018
2018-095	New College of Florida - Financial Audit	01/30/2018
2018-153	University of Central Florida - Financial Audit	03/20/2018
2018-118	University of Florida - Financial Audit	02/27/2018
2018-193	University of Florida - Operational Audit	03/30/2018
2018-181	University of North Florida - Financial Audit	03/29/2018
2018-130	University of North Florida - Operational Audit	03/12/2018
2018-066	University of South Florida - Financial Audit	12/15/2017
2018-105	University of South Florida - Operational Audit	02/06/2018
2019-007	University of West Florida - Ellucian Banner® Enterprise Resource Planning System - Information Technology Operational Audit	08/07/2018
2018-113	University of West Florida - Financial Audit	02/20/2018
State Colleges		
2018-104	Broward College - Financial Audit	02/01/2018
2018-198	Broward College - Operational Audit	03/30/2018
2018-171	Chipola College - Financial Audit	03/26/2018
2018-174	College of Central Florida - Financial Audit	03/27/2018
2018-115	Daytona State College - Financial Audit	02/21/2018
2018-203	Eastern Florida State College - Ellucian Banner® Enterprise Resource Planning System - Information Technology Operational Audit	04/18/2018
2018-166	Eastern Florida State College - Financial Audit	03/26/2018

EXHIBIT B
Reports Issued During the Period
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Report Number	Audited Entity and Report Title	Report Issue Date
State Colleges - Continued		
2018-123	Florida Gateway College - Ellucian Banner® Enterprise Resource Planning System - Information Technology Operational Audit	03/08/2018
2018-070	Florida Gateway College - Financial Audit	12/18/2017
2018-092	Florida Gateway College - Operational Audit	01/25/2018
2018-182	Florida Keys Community College - Financial Audit	03/29/2018
2018-176	Florida Keys Community College - Operational Audit	03/28/2018
2018-175	Florida SouthWestern State College - Financial Audit	03/28/2018
2018-143	Florida State College at Jacksonville - Financial Audit	03/15/2018
2018-121	Florida State College at Jacksonville - Operational Audit	03/07/2018
2018-142	Gulf Coast State College - Financial Audit	03/15/2018
2018-147	Hillsborough Community College - Financial Audit	03/19/2018
2018-160	Hillsborough Community College - Operational Audit	03/22/2018
2018-165	Indian River State College - Financial Audit	03/26/2018
2018-179	Lake-Sumter State College - Financial Audit	03/29/2018
2018-197	Miami Dade College - Financial Audit	03/30/2018
2018-209	Miami Dade College - Operational Audit	05/03/2018
2018-159	North Florida Community College - Financial Audit	03/21/2018
2018-106	North Florida Community College - Operational Audit	02/06/2018
2018-137	Northwest Florida State College - Financial Audit	03/13/2018
2018-072	Northwest Florida State College - Information Technology Operational Audit	12/19/2017
2018-108	Northwest Florida State College - Operational Audit	02/09/2018
2018-117	Palm Beach State College - Financial Audit	02/21/2018
2018-158	Pasco-Hernando State College - Financial Audit	03/21/2018
2018-107	Pensacola State College - Financial Audit	02/07/2018
2018-155	Polk State College - Financial Audit	03/21/2018
2018-150	Santa Fe College - Financial Audit	03/19/2018
2018-094	Santa Fe College - Operational Audit	01/30/2018
2018-133	Seminole State College of Florida - Financial Audit	03/13/2018
2019-043	South Florida State College - Ellucian Banner® Enterprise Resource Planning System - Information Technology Operational Audit	10/31/2018
2018-154	South Florida State College - Financial Audit	03/21/2018
2018-144	St. Johns River State College - Financial Audit	03/16/2018
2018-109	St. Petersburg College - Financial Audit	02/13/2018
2018-081	St. Petersburg College - Operational Audit	01/02/2018
2018-102	State College of Florida, Manatee-Sarasota - Financial Audit	02/01/2018
2018-125	Tallahassee Community College - Financial Audit	03/08/2018
2018-169	Tallahassee Community College - Operational Audit	03/26/2018
2019-002	Tallahassee Community College - Workday® Enterprise Cloud Applications - Information Technology Operational Audit	07/09/2018
2018-178	Valencia College - Financial Audit	03/29/2018

EXHIBIT B
Reports Issued During the Period
November 1, 2017, Through October 31, 2018

Report Number	Audited Entity and Report Title	Report Issue Date
State Colleges – Continued		
2018-199	Valencia College - Operational Audit	04/06/2018
Other Educational Entities and Programs		
2018-212	Administration of the Florida Bright Futures Scholarship Program by Florida's Public Universities and Colleges - Operational Audit	06/07/2018
Other Audits and Accountability Activities		
2018-036	AAA Scholarship Foundation - FL, LLC - Operational Audit	11/15/2017
2019-016	Citizens Property Insurance Corporation - Operational Audit	08/30/2018
2018-038	City of North Miami - Operational Audit	11/21/2017
2019-003	City of Starke - Prior Audit Follow-Up - Operational Audit	07/10/2018
2018-076	Florida Clerks of Court Operations Corporation - Operational Audit	12/21/2017
2019-011	Health Care District of Palm Beach County - Prior Audit Follow-Up - Operational Audit	08/10/2018
2018-080	Hillsborough County Aviation Authority - Tampa International Airport - 2012 Master Plan Capital Projects - Operational Audit	12/28/2017
2019-028	Local Government Financial Reporting System - Performance Audit	09/27/2018
2019-005	Review of District School Board, Charter School, and Charter Technical Career Center Audit Reports for the Fiscal Year Ended June 30, 2017, Pursuant to Section 11.45(7)(b), Florida Statutes	07/17/2018
2018-037	Review of Local Governmental Entity 2015-16 Fiscal Year Audit Reports Pursuant to Section 11.45(7)(b), Florida Statutes	11/17/2017
2019-023	Review of Nonprofit, For-Profit, and Other Entities Financial Reporting Packages For Fiscal Years Ended October 1, 2016, Through September 30, 2017, Pursuant to Section 215.97(12)(f), Florida Statutes	09/12/2018
2018-208	South Florida Water Management District - Operational Audit	05/01/2018
2019-001	Southwest Florida Water Management District - Operational Audit	07/09/2018
2019-012	Step Up For Students, Inc. - Operational Audit	08/10/2018
2019-021	Summary of Significant Findings and Financial Trends Identified in Charter School and Charter Technical Career Center Audit Reports for the Fiscal Year Ended June 30, 2017, Pursuant to Section 11.45(7)(f), Florida Statutes	09/10/2018
2018-030	Summary of Significant Findings and Financial Trends Identified in District School Board Audit Reports for the Fiscal Year Ended June 30, 2016, Pursuant to Section 11.45(7)(f), Florida Statutes	11/03/2017
2018-054	Summary of Significant Findings and Financial Trends Identified in Local Government Audit Reports for the 2015-16 Fiscal Year Pursuant to Section 11.45(7)(f), Florida Statutes	12/04/2017
2019-044	Agency for Health Care Administration - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/31/2018
2018-044	Agency for Persons with Disabilities - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/29/2017
2018-088	Agency for State Technology - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	01/17/2018
2019-036	Department of Agriculture and Consumer Services - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/24/2018
2019-042	Department of Business and Professional Regulation - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2018

EXHIBIT B
Reports Issued During the Period
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Report Number	Audited Entity and Report Title	Report Issue Date
Other Audits and Accountability Activities - Continued		
2018-046	Department of Citrus - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2018-051	Department of Economic Opportunity - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2018-050	Department of Education - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2019-038	Department of Elder Affairs - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2018
2019-035	Department of Environmental Protection - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/24/2018
2018-068	Department of Financial Services - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	12/18/2017
2018-049	Department of Health - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2018-052	Department of Highway Safety and Motor Vehicles - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2018-047	Department of Juvenile Justice - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2018-043	Department of Law Enforcement - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/29/2017
2019-037	Department of Legal Affairs - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2018
2019-040	Department of Management Services - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2018
2018-063	Department of Military Affairs - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	12/14/2017
2018-048	Department of Revenue - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/30/2017
2019-032	Department of the Lottery - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/24/2018
2019-041	Department of Transportation - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/30/2018
2018-040	Department of Veterans' Affairs - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/28/2017
2019-034	Office of Early Learning - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/24/2018
2019-033	Office of Insurance Regulation - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	10/24/2018
2018-042	Public Service Commission - Office of Inspector General's Internal Audit Activity - Quality Assessment Review	11/29/2017

EXHIBIT C

**Reports Issued or Scheduled to Be Issued Subsequent to
October 31, 2018, and by March 31, 2019**

State Government

Audit Entity	Scope/Areas of Operations
Agency for Persons with Disabilities	iBudget Florida
Agency for State Technology	State Data Center Operations – Information Technology State Information Technology Project Management and Oversight and Data Center Cost Allocation Processes
Board of Governors	Office of Inspector General’s Internal Audit Activity
Department of Agriculture and Consumer Services	Administration of Private Investigator, Security Officer, Recovery Agent, and Concealed Weapon Licenses and Prior Audit Follow-Up
Department of Children and Families	Oversight and Administration of Community-Based Care Lead Agencies and Behavioral Health Managing Entities and Selected Administrative Activities Regulation of Child Care Providers and Licensing of Foster Homes
Department of Corrections	Community Supervision and Selected Administrative Activities
Department of Economic Opportunity	Reemployment Assistance Claims and Benefits Information System – Information Technology
Department of Environmental Protection	Division of Air Resource Management – Office of Permitting and Compliance and Selected Administrative Activities
Department of Financial Services	Florida Accounting Information Resource Subsystem – Information Technology
Department of Health	Food Service Establishment Licensing and Inspection Process and Prior Audit Follow-Up
Department of Legal Affairs	Medicaid Fraud Control Unit, Selected Administrative Activities, and Prior Audit Follow-Up
Department of the Lottery	Financial Statements Advertising Contracts, Game Promotions, Selected Administrative Activities, and Prior Audit Follow-Up
Department of Management Services	Florida Retirement System – Financial Statements Florida Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts and Certain Activities Through September 30, 2018 Statewide Law Enforcement Radio System Prior Audit Follow-Up and Selected Administrative Activities
Department of Military Affairs	Administration of Selected Activities and Prior Audit Follow-Up
Department of Revenue	Oversight of the Ad Valorem Tax Program Financial Management and Selected Administrative Activities System for Unified Taxation – Information Technology
Department of Transportation	Right-of-Way Relocation Assistance, Excess Land Management, and Selected Administrative Activities
Division of Administrative Hearings	Adjudication of Disputes Program, Workers’ Compensation Appeals Program, and Selected Administrative Activities
Division of Emergency Management	Public Assistance Grant Program and Prior Audit Follow-Up Florida Public Assistance System (FloridaPA.org) – Information Technology
Florida School for the Deaf and the Blind	Financial Statements

EXHIBIT C

**Reports Issued or Scheduled to Be Issued Subsequent to
October 31, 2018, and by March 31, 2019**

State Government - Continued

Audit Entity	Scope/Areas of Operations
Florida State University Northwest Regional Data Center	Data Center Operations – Information Technology
Office of Early Learning	Child Care Resource and Referral Network, TEACH Scholarship Program, and Prior Audit Follow-Up
Office of Financial Regulation	Division of Securities and Prior Audit Follow-Up Office of Inspector General's Internal Audit Activity
Public Service Commission	Financial Management and Selected Administrative Activities
State Board of Administration	Local Government Surplus Funds Trust Fund – Financial Statements
State of Florida	Financial Statements and Federal Awards
Triumph Gulf Coast, Inc.	Selected Areas of Operation

Educational Entities

Audit Entity/Subject	Scope/Areas of Operations
Florida Education Finance Program - Selected District School Boards and Other Entities (11)	Compliance with Reporting Requirements
Significant Findings and Financial Trends Identified in District School Board Audit Reports for the Fiscal Year Ended June 30, 2017	Significant Findings and Financial Trends Identified in District School Board Audit Reports Pursuant to Section 11.45(7)(b), Florida Statutes
School Districts	Financial and Federal Awards (47) Selected Areas of Operations (26) Information Technology (1)
State Colleges	Financial (28) Selected Areas of Operations (14)
State Universities	Financial (12) Selected Areas of Operations (5) Information Technology (2)

Other

Audit Entity/Subject	Scope/Areas of Operations
AAA Scholarship Foundation – FL, LLC	Selected Areas of Operation
City of Archer	Follow-Up on Report No. 2016-197
City of Gulf Breeze	Selected Areas of Operation
City of Opa-locka	Selected Areas of Operation
City of Palatka	Follow-Up on Report No. 2017-107
City of Palm Bay	Selected Areas of Operation
East Flagler Mosquito Control District	Selected Areas of Operation
Judicial-Related Agencies	Selected Areas of Operation
Local Governmental Entity Audit Reports	Results of Review of 2016-17 Fiscal Year Audit Reports - Pursuant to Section 11.45(7)(b), Florida Statutes
Local Governmental Entity Audit Reports and Annual Financial Reports	Significant Findings and Financial Trends Identified in 2016-17 Fiscal Year Audit Reports and Annual Financial Reports Reviewed

EXHIBIT C

**Reports Issued or Scheduled to Be Issued Subsequent to
October 31, 2018, and by March 31, 2019**

Other - Continued

Audit Entity/Subject	Scope/Areas of Operations
Northwest Florida Water Management District	Selected Areas of Operation
St. Johns River Water Management District	Selected Areas of Operation
Step Up for Students, Inc.	Selected Areas of Operation

EXHIBIT D

Auditor General Contact Information

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Karen W. Van Amburg, CPA	Citrus, Emergency Management, Financial Regulation, Financial Services, Governor, Insurance Regulation, Legal Affairs, Military Affairs, Veterans' Affairs	(850) 412-2766
Kathryn D. Walker, CPA	Citizens Property Insurance Corporation, Florida Retirement System and Other State-Administered Systems, Florida School for the Deaf and the Blind, Lottery, State Board of Administration, Statewide Financial Statement Audit	(850) 412-2781

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