

DEPARTMENT OF CITRUS

Contract Procurement and Management and Other Administrative Activities



Sherrill F. Norman, CPA
Auditor General

Florida Citrus Commission and Executive Director

Pursuant to Section 20.29(1), Florida Statutes, the Florida Citrus Commission (Commission) is the head of the Department of Citrus. Section 601.04(1)(a), Florida Statutes, establishes that the Commission shall consist of nine Commissioners appointed by the Governor and subject to confirmation by the Senate. Six members of the Commission are to be classified as grower members and three members as grower-handler members. Three commission members are to be appointed from each of the three citrus districts designated in Section 601.09, Florida Statutes. Members are to be appointed to staggered 3-year terms, pursuant to the requirements of Section 601.04(2)(b), Florida Statutes. The following Commission members served during the period of our audit:

G. Ellis Hunt, Jr., Chair	District 1
Lee Bouldin, from 8-9-17 through 5-23-18 ^a	District 1
Mike Garavaglia, Vice-Chair through 8-8-17	District 1
Carlos Martinez, from 8-9-17	District 1
Pat Schirard, from 5-24-18	District 1
Ned Hancock, Vice-Chair from 9-20-17 ^b	District 2
Vernon "V.C." Hollingsworth III	District 2
Martin "Marty" J. McKenna	District 2
Dan Casper	District 3
Aedan J. Dowling	District 3
Francisco J. Pines	District 3

^a Commissioner position vacant 7-1-17, through 8-8-17.

^b Vice-Chair position vacant 8-9-17, through 9-19-17.

Pursuant to Section 20.29(2), Florida Statutes, an Executive Director is to be appointed by a majority vote of, and serves at the pleasure of, the Commission. The Commission is responsible for assigning the Executive Director's power and duties. Shannon Shepp served as Executive Director during the period of our audit.

The team leader was Gregory J. Lemieux, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

Please address inquiries regarding this report to Karen Van Amburg, CPA, Audit Manager, by e-mail at karenvanamburg@aud.state.fl.us or by telephone at (850) 412-2766.

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SUMMARY

This operational audit of the Department of Citrus focused on contract procurement and management and other selected administrative activities. Our audit did not disclose any reportable conditions regarding contract procurement and management or the other selected administrative activities included within the scope of our audit.

BACKGROUND

Pursuant to the Florida Citrus Code,¹ the Department of Citrus (Department) is charged with regulating, conducting research for, and promoting the State's citrus industry. The Florida Citrus Commission (Commission) serves as the Department head and oversees and guides the activities of the Department. The Department maintained its executive offices in Bartow, Florida.

The Department's primary sources of revenue are State general revenue, Federal grants, and an assessment placed on each box of citrus moved by Florida growers through commercial channels. The Department's 2018-19 fiscal year operating budget, totaling \$17.7 million, included \$13 million for products marketing, \$2.2 million for citrus research, and \$2.5 million for executive direction and support services. The citrus research activities funded by the Department included economic and market research (e.g., consumer trend studies, economic assessments of key industry trends, and studies to assess the impact of Hurricane Irma on world orange juice availability) and scientific research (e.g., development of methods and strategies to demonstrate the health benefits and quality of citrus products and to combat citrus greening²).

To carry out its statutory responsibilities, the Department contracts with entities to provide advertising and scientific research services. Pursuant to State law,³ the Department's Executive Director is authorized to execute contracts and agreements approved by the Commission. During the period May 2017 through February 2019, the Department executed 9 contracts and issued 17 purchase orders, totaling \$10,072,848, for marketing and market research, scientific research, and various advertising, promotional, and public relations services.

AUDIT RESULTS

Our audit did not disclose any reportable conditions regarding contract procurement and management or the other selected administrative activities included within the scope of our audit. Nothing came to our attention through our audit procedures to indicate that Department controls, as designed and

¹ Chapter 601, Florida Statutes.

² Citrus greening (Huanglongbing or HLB) is a disease spread by an insect, the Asian citrus psyllid, that infects trees with bacteria that impairs a tree's ability to take in nourishment, ultimately resulting in fewer and smaller fruit over time. Once a tree is infected, there is no cure.

³ Section 601.10(6), Florida Statutes.

implemented, were not adequate to ensure that contract procurement and management or the other selected administrative activities were properly administered and related laws, rules, and other guidelines were followed. As such, we are not making any recommendations.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2019 through July 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Citrus (Department) focused on contract procurement and management and other selected administrative activities. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls 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, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings

and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of Department contract procurement and management processes.
- From the population of 9 contracts, totaling \$9,934,167, and 17 purchase orders, totaling \$138,681, for scientific research and advertising, promotional, and public relations services, executed or issued during the period May 2017 through February 2019, examined Department records for 4 selected contracts totaling \$8,374,811 and a \$28,000 purchase order to determine whether the contracts were procured and the purchase order was issued in accordance with applicable laws, rules, and other guidelines.
- From the population of 1,336 contract and purchase order expenditures, totaling \$17,628,483, made during the period July 2017 through February 2019, examined Department records for 25 selected expenditures, totaling \$1,378,018, to determine whether contract and purchase order expenditures were properly supported, approved, and made in accordance with applicable laws, rules, and contract terms.
- From the population of 191 Cost Management Plans (CMPs), totaling \$16,780,133, made during the period July 2017 through February 2019, examined 20 selected CMPs, totaling \$6,934,800, to determine whether the CMPs were properly supported and approved and third-party competitive procurement activities were in accordance with applicable advertising and promotional contract agency policies and procedures and contract terms.
- From the population of 29 advertising, promotional, public relations, scientific research, legal, and administrative contracts with payments, totaling \$17,571,415, during the period July 2017 through February 2019, examined Department records for 10 selected contracts, with payments totaling \$15,255,020, to determine whether the Department appropriately monitored the contracts for compliance with contract requirements.
- Analyzed Florida Accountability Contract Tracking System (FACTS) data for the 26 advertising, promotional, public relations, and scientific research contracts and purchase orders, totaling \$10,072,848, executed or issued during the period May 2017 through February 2019 to determine whether the Department timely posted accurate contract information to FACTS in accordance with State law.
- Reviewed Department prompt payment data for the period September 2017 through December 2018 to assess the extent to which the Department paid invoices in a timely manner.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:

- Purchasing activities.
- The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2017 through February 2019, Department travel expenditures totaled \$121,405.
- The assignment and use of mobile devices with related costs totaling \$17,551 during the period July 2017 through February 2019.
- The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of March 2019, the Department was responsible for two real property leases.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Obtained the views of management concerning the conclusions included in this report. Management's views are summarized under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and "N".

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Department management concurred with the audit results.