



Summary

Report Number: [2022-189](#)

Report Title: [State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards](#)

Report Period: [FYE 06/30/2021](#)

Release Date: [03/30/2022](#)

[Management's Corrective Action Plan](#)

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SUMMARY OF REPORT ON FINANCIAL STATEMENTS

The State of Florida's basic financial statements, except for the effects of the matters described in the INDEPENDENT AUDITOR'S REPORT "Basis for Qualified Opinions on Business-Type Activities and Reemployment Assistance Fund" paragraph, as of and for the fiscal year ended June 30, 2021, were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our report is included in the [Florida Annual Comprehensive Financial Report](#) (ACFR) for the fiscal year ended June 30, 2021, issued by the Chief Financial Officer.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

We noted and consider the following matters involving internal control over financial reporting and its operation to be material weaknesses:

- The Florida Department of Financial Services did not prepare and furnish financial statements to the Auditor General or prepare and publish the ACFR within statutorily prescribed time periods. (Finding No. 2021-001)
- During the first three quarters of the 2020-21 fiscal year, Florida Department of Economic Opportunity (FDEO) management continued to bypass a key Reemployment Assistance Claims and Benefits Information System internal control, thereby increasing the risk of improper unemployment insurance (UI) benefit payments and undetected material misstatements. (Finding No. 2021-002)
- For the 2019-20 and 2020-21 fiscal years, the FDEO did not record all accounts payables, receivables, UI benefit payments, or amounts due from the Federal Government for UI benefit payments compensable by June 30 but paid during the period July 1 through September 30. (Finding No. 2021-003)
- The FDEO did not record all UI benefits paid and corresponding amounts due from the Federal Government for the 2020-21 fiscal year. (Finding No. 2021-004)

We noted and consider the following matter involving internal control over financial reporting and its operation to be a significant deficiency:

- The Florida Department of Revenue did not record the fiscal year-end net receivables or related unavailable revenue for sales and use taxes and fees estimated to be collected after July 31, 2021, or reverse the prior year unavailable revenue closing balance for sales and use taxes and fees. (Finding No. 2021-005)

We noted the following additional matters that we reported to management but do not consider to be significant deficiencies:

- FDEO procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA) data form were not sufficient to ensure the accuracy of reported amounts. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2021-01)
- Florida Department of Education (FDOE) procedures for preparing the SEFA data form were not sufficient to ensure the accuracy of reported amounts. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2021-02)
- Florida Department of Elder Affairs procedures for preparing the SEFA data form were not sufficient to ensure the accuracy of reported amounts. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2021-03)
- The Florida Department of Children and Families (FDCF) did not properly report amounts for four Federal programs on the SEFA. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2021-04)
- Florida Agency for Health Care Administration procedures for preparing the SEFA data form were not sufficient to ensure the accuracy of reported amounts. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2021-05)

SUMMARY OF REPORT ON FEDERAL AWARDS

State agencies, universities, and colleges administered approximately 561 Federal awards programs and program clusters during the 2020-21 fiscal year. Expenditures for the 20 major programs totaled \$52 billion or approximately 70 percent of the total expenditures of \$74 billion reported on the Schedule of Expenditures of Federal Awards.

Compliance requirements for Federal awards programs are established in the *Office of Management and Budget (OMB) Compliance Supplement*. Types of compliance requirements include: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Performance; Procurement and Suspension and Debarment; Program Income; Reporting; Subrecipient Monitoring; and Special Tests and Provisions.

Compliance

The State of Florida complied, in all material respects, with the compliance requirements applicable to each of its major Federal awards programs, except as described in the following instances:

- For the Unemployment Insurance (UI) program, we are unable to express, and do not express, an opinion on the FDEO's compliance with the Reporting and Special Tests and Provisions – UI Program Integrity – Overpayments compliance requirements because the FDEO did not maintain records to support the amounts reported in Federal Performance Reports and could not provide accurate data for the period July 2020 through June 2021 demonstrating that UI benefit overpayments were properly identified and handled in accordance with applicable requirements or that debts resulting from overpayments were appropriately offset. (Finding Nos. 2021-032 and 2021-034)
- For the Coronavirus Relief Fund (CRF) program, we are unable to express, and do not express, an opinion on the Florida Executive Office of the Governor's compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements because the allowability of claimed CRF expenditures was not always supported by appropriate records or methodology. (Finding No. 2021-040)

- For the English Language Acquisition State Grants and Education Stabilization Fund (ESF) programs, we are unable to express, and do not express, an opinion on the FDOE's compliance with the Reporting compliance requirement because the FDOE could not provide records from the Federal Funding Accountability and Transparency Act Subaward Reporting System demonstrating that subawards were timely reported with the information required by the Federal Funding Accountability and Transparency Act. (Finding No. 2021-046)
- For the ESF program, we are unable to express, and do not express, an opinion on the FDOE's compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Equipment and Real Property Management, and Reporting compliance requirements because FDOE monitoring activities did not validate the allowability of actual subrecipient ESF program expenditures nor did the FDOE require all subrecipients to provide a Budget Narrative Form documenting the financial plan and uses of funds for carrying out project objectives, services, and activities. (Finding No. 2021-056)
- The Florida Division of Emergency Management (FDEM) did not report subaward information required by the Federal Funding Accountability and Transparency Act in the Federal Funding Accountability and Transparency Act Subaward Reporting System, which resulted in an opinion qualification. (Finding No. 2021-010 – Wildfires and Hurricanes Indemnity Program (WHIP) Plus)
- The FDEO did not always ensure or timely ensure that UI claimants complied with the participation requirements of the Reemployment Services and Eligibility Assessments program, which resulted in an opinion qualification. (Finding No. 2021-035 – Unemployment Insurance)
- The FDEM did not monitor the activities of CRF subrecipients, which resulted in an opinion qualification. (Finding No. 2021-041 – CRF)
- The FDOE did not evaluate subrecipient risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward or perform monitoring activities based on the assessed risk of noncompliance, which resulted in an opinion qualification. (Finding No. 2021-056 – ESF)
- The FDCF did not always timely review and process Income Eligibility and Verification System data exchange responses, which resulted in an opinion qualification. (Finding No. 2021-072 – Temporary Assistance for Needy Families)
- The FDEM did not timely report subaward information required by the Federal Funding Accountability and Transparency Act in the Federal Funding Accountability and Transparency Act Subaward Reporting System, which resulted in an opinion qualification. (Finding No. 2021-089 - Disaster Grants – Public Assistance (Presidentially Declared Disasters))
- The FDEM did not monitor subrecipients in accordance with FDEM procedures. In addition, the FDEM did not always timely document the review of subrecipient audit reports, determine whether a management decision was required, or issue management decisions for subrecipient audit findings, which resulted in an opinion qualification. (Finding No. 2021-091 – Disaster Grants - Public Assistance (Presidentially Declared Disasters))

The results of our audit also disclosed other instances of noncompliance pertaining to programs administered by various State agencies as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Some of the instances of noncompliance resulted in questioned costs subject to disallowance by the grantor agency.

Internal Control Over Compliance

We noted numerous matters at various State agencies involving internal control over compliance and its operation that we consider to be material weaknesses or significant deficiencies. Material weaknesses and significant deficiencies are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** and pertained to several compliance requirements. The instances described in the previous paragraphs on compliance for the WHIP Plus program (Finding No. 2021-010), UI program (Finding Nos. 2021-032, 2021-034, and 2021-035), CRF program (Finding Nos. 2021-040 and 2021-041), English Language

Acquisition State Grants program (Finding No. 2021-046), ESF program (Finding Nos. 2021-046 and 2021-056), Temporary Assistance for Needy Families program (Finding No. 2021-072), and Disaster Grants – Public Assistance (Presidentially Declared Disasters) program (Finding Nos. 2021-089 and 2021-091), are deficiencies in internal control over compliance considered to be material weaknesses.

SUMMARY OF REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The State's **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** (SEFA) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the State's basic financial statements. The State's SEFA does not include Federal awards expenditures for the State's blended component units; CareerSource Florida, Inc. and the Florida Commission on Community Service; discretely presented component units of the State's universities and colleges; or discretely presented component units other than the State's universities and colleges. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

AUDIT SCOPE

As a condition of receiving Federal funds, the OMB requires, as described in the Uniform Guidance, an audit of the State's financial statements and major Federal awards programs. Pursuant to Section 11.45, Florida Statutes, we conducted an audit of the basic financial statements of the State of Florida as of and for the fiscal year ended June 30, 2021. We also subjected supplementary information contained in the State's Annual Comprehensive Financial Report and the State's SEFA to auditing procedures applied in our audit of the basic financial statements. Additionally, we audited the State's compliance with governing requirements for the Federal awards programs and program clusters that we identified as major programs for the fiscal year ended June 30, 2021. We also performed procedures to assess the reasonableness of the **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS** prepared by the State of Florida.

AUDIT OBJECTIVES

The objectives of our audit were to:

- Express opinions concerning whether the State's basic financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- Express an opinion concerning whether the State's SEFA was presented fairly, in all material respects, in relation to the State's basic financial statements as a whole.
- Obtain an understanding of the internal control over financial reporting and the internal control over compliance for each major Federal awards program or program cluster, assess the control risk, and perform tests of controls, unless the controls were deemed to be ineffective.
- Express opinions concerning whether the State complied, in all material respects, with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect applicable to each of the major Federal awards programs and program clusters.
- Determine whether management had taken appropriate actions to correct deficiencies noted in our previous audit reports.
- Assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the State.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Uniform Guidance.

Written responses to our findings and recommendations are included within the audit report which can be viewed on the Auditor General Web site.