

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 head of the Department of Citrus is the Florida Citrus Commission. During the period of our audit,¹ six members of the Commission were to be classified as grower members and three members as grower-handler members. Three commission members were to be appointed from each of the three citrus districts designated in Section 601.09, Florida Statutes. The following individuals served as Commission members during the period of our audit:

District 1

Christopher W. Groom, from 10-8-21
Carlos Martinez
Pat Schirard
G. Ellis Hunt Jr., through 10-7-21

District 3

Paul Meador, Vice Chair from 2-3-21
William "Bill" Poulton
Daniel Sutton, from 10-8-21^d
Dan Casper, through 2-16-21^d

District 2

Steve Johnson, Chair from 2-3-21,^a
Vice Chair from 11-3-20 through 2-2-21^b
Martin "Marty" J. McKenna
John Smoak, III, from 10-8-21^c
Ned Hancock, Chair through 11-2-20^{ac}

^a Chair position vacant 11-3-20, through 2-2-21.

^b Vice Chair position vacant 7-1-20, through 11-2-20.

^c Commissioner position vacant 11-3-20, through 10-7-21.

^d Commissioner position vacant 2-17-21, through 10-7-21.

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.

¹ Effective July 1, 2022, Chapter 2022-117, Laws of Florida, made various changes to the composition of the Commission and increased the number of citrus districts to six.

The team leader was Pakeishia L. Johnson, and the audit was supervised by Mark A. Arroyo, CPA.

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DEPARTMENT OF CITRUS

Contract Procurement and Management and Other Administrative Activities

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 researching 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 2021-22 fiscal year operating budget, totaling \$28.8 million, included \$23.9 million for products marketing, \$2.5 million for citrus research, and \$2.4 million for executive direction and support services. The citrus research activities funded by the Department included economic and market research (e.g., collecting, analyzing, and reporting citrus industry trends, economic indicators, and other measures of industry performance) and scientific research (e.g., funding studies on the health benefits of Florida citrus products and projects related to 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 June 2020 through March 2022, the Department executed 12 contracts and issued 11 purchase orders, totaling \$40,154,263, 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 implemented, were not adequate to ensure that contract procurement and management and other

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.

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 2022 through July 2022 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. For those areas, the objectives of the audit were to:

- 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 responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed into 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.
- 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 internal controls significant to our audit objectives; 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; identifying and evaluating internal controls significant to our audit objectives; 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, waste, abuse, or inefficiency.

In conducting our audit, we:

- 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 and other selected administrative activity processes.
- Inquired of Department management regarding whether the Department made any expenditures or entered into any contracts under the authority granted by an applicable state of emergency declaration during the period July 2021 through May 2022.
- Obtained an understanding of selected Department information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for the Florida Accounting Information Resource Subsystem were in place, and tested the effectiveness of the selected controls.
- From the population of 12 contracts, totaling \$39,996,620, and 11 purchase orders, totaling \$157,643, for scientific research and advertising, promotional, and public relations services executed or issued during the period June 2020 through March 2022, examined Department records for 7 selected contracts totaling \$32,082,328 and a \$40,000 purchase order to determine whether the contracts were procured and the purchase order was issued in accordance with applicable laws, rules, and other guidelines.
- Examined Department records for 30 expenditures, totaling \$4,526,900, selected from the population of 1,984 contract and purchase order expenditures, totaling \$25,930,672, made during the period July 2020 through March 2022 to determine whether contract and purchase order expenditures were properly supported, approved, and made in accordance with applicable laws, rules, and contract and purchase order terms.
- From the population of 230 Cost Management Plans (CMPs), totaling \$31,197,621, made during the period July 2020 through March 2022, examined 25 selected CMPs, totaling \$16,358,437, 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 41 advertising, promotional, public relations, scientific research, and legal and administrative contracts with payments totaling \$25,030,714 during the period July 2020 through March 2022, examined Department records for 10 selected contracts with payments totaling \$21,522,694 to determine whether the Department appropriately monitored the contracts for compliance with contract requirements.
- Examined Department records for 15 contract and purchase orders, totaling \$39,429,162, selected from the population of 23 advertising, promotional, public relations, and scientific research contracts and purchase orders, totaling \$40,154,263, recorded in the Florida Accountability Contract Tracking System (FACTS) and executed or issued during the period

June 2020 through March 2022 to determine whether the Department timely posted accurate contract and purchase order information to FACTS in accordance with Section 215.985, Florida Statutes.

- Interviewed Department management, examined Department forms, and evaluated Department compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
 - Cash and revenue management and settlement agreements.
 - The administration of purchasing cards in accordance with applicable guidelines. As of March 2022, the Department had 12 active purchasing cards.
- 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 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Department management concurred with the audit results.