



## Summary

**Report Number:** [2024-174](#)

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

**Report Period:** [FYE 06/30/2023](#)

**Release Date:** [03/26/2024](#)

### [Management's Corrective Action Plan](#)

### [Summary Schedule of Prior Audit Findings](#)

#### SUMMARY OF REPORT ON FINANCIAL STATEMENTS

The State of Florida's basic financial statements as of and for the fiscal year ended June 30, 2023, 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, 2023, issued by the Chief Financial Officer.

#### SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

- The Florida Department of Financial Services (FDFS) did not properly record all opioid settlement amounts that met recognition requirements for the 2022-23 fiscal year and incorrectly recorded amounts related to fiduciary activities to a governmental fund. (Finding No. AM 2023-01)
- The Florida Department of Juvenile Justice did not properly report total expenditures for the Social Services Block Grant on the Schedule of Expenditures of Federal Awards (SEFA). As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2023-02)
- Florida Agency for Health Care Administration (FAHCA) 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 2023-03)
- The Florida Department of Transportation (FDOT) did not properly report amounts for two Federal programs on the SEFA. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2023-04)

- The Florida Department of Children and Families (FDCF) did not properly report amounts for eleven Federal programs on the SEFA. As a result, prior to audit adjustment, amounts reported on the State's SEFA were incorrect. (Finding No. AM 2023-05)

## SUMMARY OF REPORT ON FEDERAL AWARDS

State agencies, universities, and colleges administered approximately 634 Federal awards programs and program clusters during the 2022-23 fiscal year. Expenditures for the 26 major programs totaled \$43.4 billion or approximately 71.4 percent of the total expenditures of \$60.8 billion reported on the SEFA.

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 Title I Grants to Local Educational Agencies, English Language Acquisition State Grants (ELAG), and Education Stabilization Fund, we are unable to express, and do not express, an opinion on the Florida Department of Education's (FDOE's) compliance with the Reporting compliance requirement because the FDOE was unable to provide documentation evidencing that subaward information required by the Federal Funding Accountability and Transparency Act (FFATA) was appropriately and timely reported in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). (Finding No. 2023-023)
- For the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG), the Florida Department of Commerce (FCOM) did not always report subaward information required by the FFATA in the FSRS, resulting in an opinion qualification. (Finding No. 2023-005)
- FCOM records did not clearly evidence that Unemployment Insurance (UI) benefit payments were made only to eligible claimants, resulting in an opinion qualification. (Finding No. 2023-012)
- FCOM did not always ensure or timely ensure that UI claimants complied with the participation requirements of the Reemployment Services and Eligibility Assessments program, resulting in an opinion qualification. (Finding No. 2023-013)
- FDOT records did not evidence that, prior to entering into covered transactions, the FDOT determined that Formula Grants for Rural Areas and Tribal Transit (FGRA) Program subrecipients were not excluded or otherwise disqualified by the Federal Government, resulting in an opinion qualification. (Finding No. 2023-021)
- The FDCF could not always demonstrate that Florida Department of Revenue Child Support Enforcement sanction requests for uncooperative Temporary Assistance for Needy Families (TANF) recipients were timely processed and appropriately imposed, resulting in an opinion qualification. (Finding No. 2023-032)
- The FDCF did not always timely review and process Income Eligibility and Verification System data exchange responses for TANF recipients, resulting in an opinion qualification. (Finding No. 2023-33)
- FCOM did not appropriately evaluate each Community Services Block Grant (CSBG) subrecipient's risk of noncompliance to determine the appropriate subrecipient monitoring and, consequently, FCOM could not demonstrate that the monitoring performed was based on a complete assessment of risk. Additionally, FCOM did not monitor one subrecipient within prescribed time frames or timely

issue a management decision for another subrecipient's audit findings, resulting in an opinion qualification. (Finding No. 2023-037)

- The FDCF did not maintain documentation supporting the total number of recipients of selected Social Services Block Grant (SSBG) services included in the Post-Expenditure Report submitted to the Office of Community Services and incorrectly reported the total number of recipients of Day Care Children and Education and Training services, resulting in an opinion qualification. (Finding No. 2023-043)
- The FAHCA did not always report or timely and accurately report Children's Health Insurance Program (CHIP) subaward information required by the FFATA in the FSRS, resulting in an opinion qualification. (Finding No. 2023-045)
- The FDCF did not always terminate Medicaid client eligibility in accordance with Federal regulations, resulting in an opinion qualification. (Finding No. 2023-047)
- The FAHCA did not ensure that State mental health hospital cost report audits were timely reviewed in accordance with the approved Medicaid State Plan and Federal regulations, resulting in an opinion qualification. (Finding No. 2023-049)
- The FAHCA did not always conduct Medicaid health and life safety surveys in accordance with Federal regulations and established procedures, resulting in an opinion qualification. (Finding No. 2023-050)
- The FAHCA did not check all required Federal databases to confirm the identity of CHIP and Medicaid providers upon enrollment and reenrollment nor screen, enroll, or periodically revalidate all network providers of Managed Care Organizations, Prepaid Inpatient Health Plans, and Prepaid Ambulatory Health Plans in accordance with Federal regulations, resulting in an opinion qualification. (Finding No. 2023-052)
- The Florida Division of Emergency Management (FDEM) did not timely or accurately report Disaster Grants – Public Assistance program subaward information required by the FFATA in the FSRS. Additionally, the FDEM was unable to provide all FFATA reports requested for audit, resulting in an opinion qualification. (Finding No. 2023-057)
- The FDEM did not correctly provide all required Disaster Grants – Public Assistance program subaward information to subrecipients or evaluate each subrecipient's risk of noncompliance for the purpose of determining the appropriate subrecipient monitoring and, consequently, the FDEM could not demonstrate that monitoring performed was based on risk. Additionally, the FDEM did not always timely issue management decisions for subrecipient audit findings, resulting in an opinion qualification. (Finding No. 2023-058)

The results of our audit also disclosed other instances of noncompliance pertaining to programs administered by various State agencies and State colleges 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, State colleges, and a State university 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 CDBG program (Finding No. 2023-005), UI program (Finding Nos. 2023-012 and 2023-013), FRGA program (Finding No. 2023-021), Title I Grants to Local Educational Agencies program (Finding No. 2023-023), ELAG program (Finding No. 2023-023), Education Stabilization Fund program (Finding No. 2023-023), TANF program (Finding Nos. 2023-032 and 2023-033), CSBG program (Finding No. 2023-037), SSBG program (Finding No. 2023-043), CHIP (Finding Nos. 2023-045 and 2023-052), Medicaid Cluster (Finding Nos. 2023-047, 2023-049, 2023-050, and 2023-052), and Disaster Grants – Public Assistance program

(Finding Nos. 2023-057 and 2023-058) 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, 2023. 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, 2023. 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:

- Obtain reasonable assurance about whether the State's basic financial statements as a whole were free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinions.
- 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 internal control over financial reporting and 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.

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