



KENNETH O. KECK  
EXECUTIVE DIRECTOR  
Phone: 863-499-2500  
Fax: 863-284-4300

STATE OF FLORIDA  
**DEPARTMENT OF CITRUS**  
1115 E. MEMORIAL BLVD./P.O. BOX 148/LAKELAND, FLORIDA 33802-0148

Website: [www.floridajuice.com](http://www.floridajuice.com)



BENNY W. ALBRITTON, JR.  
CHAIRMAN  
FLORIDA CITRUS COMMISSION

August 13, 2008

**FLORIDA DEPARTMENT OF CITRUS  
FOLLOW-UP RESPONSE TO AUDITOR GENERAL REPORT**

TO: Ken Keck, Executive Director

In accordance with Section 20.055 (5)(g) Florida Statutes, I monitored the implementation of the Florida Department of Citrus response to the Auditor General Report # 2007-031. The report was issued on October 12, 2006, and included three findings and two recommendations. This is a follow-up report on the status of corrective actions taken.

Finding No. 1: Financial Status

Recommendation: To address the long-term operating and fiscal effects of these declining balances, we recommend that Department management and the Commission develop, in consultation with the Governor's Office of Policy and Budget and the Legislature's appropriations committees. A financial management plan that will restore a fund balance for the Florida Citrus Advertising Trust Fund that is appropriate to the current tax revenue base and collection cycle.

Response: Agree

We have begun this process with Commission approval of the current year operating budget. Projected fund balance at June 30, 2007, after adjusting for the actual operating budget approved by the Florida Citrus Commission on July 19, is \$9.6 million. An additional \$2.3 million is held in reserve in the event of revenue loss through the year. We have also implemented cash flow controls that minimize the use of U.S. dollars expended in our international programs early in the year and accelerate the reimbursement request process for federal grants. These actions will stimulate our cash flow cycle reducing the potential cash deficit, and will better address the contingencies inherent to a production agriculture-based budget.

Follow-up findings:

The agency implemented the cash flow controls described above which, combined with other cost controls, resulted in an actual fund balance of \$12.5 million at June 30, 2007. The projected designated fund balance at June 30, 2008, is \$16.3 million, which is appropriate to the tax revenue base.

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Finding No. 2: Citrus Peeling System

Recommendation: The Department should review these expenditures carefully and consider seeking additional documentation and a refund of all amounts not expended in accordance with contract terms and conditions. Additionally, for future marketing funds advanced to third parties, the Department should enhance controls to ensure that such promotional expenditures clearly benefit Florida-based products.

Response: Agree

The Department considered all aspects of the Del Monte contract in determining whether to renew in 2004, and concluded it was in the best interest of both parties not to continue the fresh-peeled project with the Citrus Peeling System. It is our view that Del Monte's contribution of staff and other financial resources toward the commercialization of a peeling process in our joint endeavor constituted fair and adequate consideration to forego seeking additional documentation or refunds.

The Department generally prohibits advance payments except in unusual circumstances and requires Executive Director approval for all advances. Any potential advance payment must be clearly stated and documented on the cost estimate and is evaluated by the Department as to contractual requirements, industry standards, and best business practices before approval is granted. Finally, audit of expenditure documentation is conducted to assure appropriate expenditures were made.

Follow-up findings:

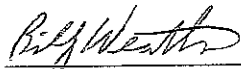
All advance payments to vendors are adequately supported by contract terms and follow the procedure described above. They represent an extremely small percentage of transactions conducted each year, and each one is clearly documented. No exceptions have been noted during audits.

Finding No. 3: Status of Prior Audit Findings

Recommendation: None

Follow-up findings:

None



Billy G. Weathers  
Inspector General

cc: Florida Citrus Commission  
Debbie Funkhouser, Comptroller  
Cathy Boyett, Joint Legislative Auditing Committee