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Governor Charlie Crist

Secretary Linda H. South

MEMORANDUM

DATE: December 15, 2009

TO: Linda H. South, Secretary

FROM: Steve Rumph, Inspector General

SUBJECT: Six-Month Status Report to Auditor General Report No. 2009-210

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Pursuant to Section 20.055(5)(g), Florida Statutes, the following is our explanation of the six-month status of findings and recommendations included in the Auditor General's Report No. 2009-210, *Department of Management Services, Emergency Communications Number E911 System Fund*. Our response addresses the findings and recommendations in the same order as they appear in the report.

Six-Month Status Report

Finding No. 1: State Financial Assistance

DMS and the Board did not always comply with Florida Single Audit Act requirements.

Recommendation:

We recommend that DMS and the Board enhance procedures to ensure that the SFA uniform coding structure is appropriately used to record State financial assistance disbursements. DMS and the Board should also enhance grant award documents to include the FSAA standard contract language developed by DFS. Additionally, written procedures should be developed and implemented to ensure that DMS and the Board satisfy all applicable FSAA responsibilities, including the receipt and review of financial reporting packages.

Response:

The Board concurs with this recommendation. DMS and Board staff will enhance procedures to ensure that the SFA uniform coding structure is appropriately used to record State financial assistance disbursements. Board staff will enhance grant

award documents to include the FSAA standard contract language developed by DFS. Finally, Board staff will develop procedures for implementation to ensure that all applicable FSAA responsibilities, including the receipt and review of financial reporting packages.

Current Status of Recommendation

The Florida Department of Financial Services (fldfs) website has been updated to include the uniform coding structure to include the appropriated codes for the E911 Rural County and State Grant Programs to record state financial assistance disbursements.

Board staff has enhanced the grant award notification documents to ensure that the SFA uniform coding structure is appropriately used to record financial assistance disbursements.

Board staff has also developed procedures for the receipt and review of county financial reporting packages. These procedures are being implemented based on the 2008/09 County Financial Reports.

OIG Position

We agree with the actions taken by the Board and recommend this finding be closed.

Finding No. 2: Budget Administration

Some expenditure reimbursement amounts paid by the E911 Fund to the Communications Working Capital Trust Fund were calculated incorrectly.

Recommendation:

DMS and the Board should implement written procedures or guidelines to ensure that E911 Fund charges are based on actual salary and benefit costs.

Response:

The Board concurs with this recommendation. DMS and the Board will implement guidelines to ensure that E911 fund charges are based on actual salary and benefit costs.

Current Status of Recommendation

DMS and Board staff has implemented guidelines to ensure that E911 fund charges are based on actual salary and benefit costs. This process includes obtaining an

actual salary and benefits report from DMS/FMS before the actual dollar or percentage reimbursement is processed in an effort of assuring that the actual salary and benefits are reimbursed.

OIG Position

We agree with the actions taken by the Board and recommend this finding be closed.

Finding No. 3: Disbursements to Providers

DMS and the Board executed payments to providers who failed to complete and file required sworn invoices in accordance with Board rules. In addition, the language specified by Board procedures differed in content from that prescribed by Board rules.

Recommendation:

We recommend that DMS and the Board ensure that disbursements to providers are made only upon receipt of sworn invoices meeting the requirements of DMS and Board rules. We also recommend the Board make the necessary changes to the Procedures to bring them in agreement with DMS and Board rules.

Response:

The Board concurs with this recommendation. DMS and the Board will ensure that disbursements to providers are made only upon receipt of sworn invoices with the requirements of DMS and Board rules. Effective May 6, 2009 the Board has made the necessary changes to the procedures to bring them in agreement with DMS and Board rules.

Current Status of Recommendation

DMS and the Board continues to monitor all sworn invoices for costs reimbursement in an effort to assure that the invoices meet the requirements of DMS and Board rules.

OIG Position

We agree with the actions taken by the Board and recommend this finding be closed.

Finding No. 4: Disbursements to Counties

In order to prevent a loss to the counties caused by the transfer of fee

distribution responsibilities from the providers to the Board, Section 365.172(6)(a)3.d., Florida Statutes, required the Board to authorize the transfer, by September 1, 2007, of up to \$15 million to the counties from existing money within the E911 Fund using a timeframe and distribution methodology established by the Board. Pursuant to this authority, moneys totaling \$9,186,933 were paid to the counties. All disbursements for this purpose are to be returned to the E911 Fund from future remittances. As of February 2009, the E911 Fund had not been reimbursed.

Recommendation:

We recommend DMS and the Board seek legislative clarification as to the Board actions contemplated to effect the return of funds to the E911 Fund from the nonwireless category.

Response:

The Board will authorize the transfer of the \$9,186,933 from the nonwireless portion of the trust fund in the June, 2009 board meeting. This will complete the process as described in Section 365.172(6)(a)3.d., Florida Statutes. Because the board has already determined that the revenues in the wireless category exceed the amount needed to reimburse wireless providers for the cost to implement E911 services, the board will then exercise its authority as described in Section 365.172(6)(a)3.e., Florida Statutes to disburse funds within the wireless category equitably to all counties using a timeframe and distribution methodology established by the board. Accordingly, the Board will not seek legislative clarification since the funds will be returned to the nonwireless portion of the trust fund.

Current Status of Recommendation

The Board authorized the transfer of the \$9,186,933 from the nonwireless portion of the trust fund in the June 17, 2009 board meeting. The Board will not seek legislative clarification since the funds have been returned to the nonwireless portion of the trust fund.

OIG Position

We agree with the actions taken by the Board and recommend this finding be closed.

Finding No. 5: Oath of Office

Board members appointed during the audit period voted on Board business prior to swearing or affirming the oath of office required by the State Constitution.

Recommendation:

DMS and the Board should develop and implement written procedures to ensure Board members have properly sworn or affirmed the required oath set forth in Article II, Section 5(b) of the State Constitution, prior to conducting official duties.

Response:

The Board concurs with this recommendation. DMS and the Board will develop and implement procedures to ensure Board members have properly sworn or affirmed the required oath set forth in Article II, Section 5(b) for the State Constitution, prior to conducting official duties.

Current Status of Recommendation

DMS and the Board have developed and implement procedures to ensure Board members have properly sworn or affirmed the required oath set forth in Article II, Section 5(b) for the State Constitution, prior to conducting official duties. This process requires newly appointed Board members to provide a copy of the sworn oath of office prior to conducting any official duties.

OIG Position

We agree with the actions taken by the Board and recommend this finding be closed.

JSR/gz

cc: Kathy Dubose, Staff Director
Joint Legislative Auditing Committee

David W. Martin, Auditor General

Ken Granger, Chief of Staff
Department of Management Services

David Faulkenberry, Deputy Secretary
Department of Management Services

John C. Ford, Chairman, Florida E911 Board
Department of Management Services

Charles Ghini, Director, Division of Telecommunications
Department of Management Services