



CHARLIE CRIST  
GOVERNOR

STATE OF FLORIDA

# Office of the Governor

THE CAPITOL  
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June 30, 2010

Honorable Charlie Crist  
Governor of Florida  
The Capitol  
Tallahassee, FL 32399

Dear Governor Crist:

Section 20.055(5)(h), Florida Statutes, requires the inspector general to monitor the implementation of the state agency's response to any report on the agency issued by the Auditor General. The inspector general is also required to provide a written response to the agency head on the status of corrective actions taken.

In November 2009, the Auditor General released Report No. 2010-043. The report includes the results of the operational audit of the Executive Office of the Governor/Office of Tourism, Trade, and Economic Development for the period July 2006 through August 2008 and selected actions through September 2009.

In accordance with the requirements of Section 20.055, Florida Statutes, we obtained from the Office of Tourism, Trade, and Economic Development information on the status of the implementation of the recommendations. The results of our follow-up review, documented on the enclosed report, disclosed that corrective actions have been taken, to the extent deemed appropriate, to implement the recommendations. No additional follow up by this office is necessary.

I am available at your convenience to discuss this matter further.

Sincerely,

Melinda M. Miguel  
Chief Inspector General

Enclosure

cc: Kathy Dubose, Legislative Auditing Committee  
Shane Strum, Chief of Staff  
Chris Hart, Office of Tourism, Trade, and Economic Development  
Jorge Nunez, Office of Tourism, Trade, and Economic Development  
Lucia Fishburne, Office of Film and Entertainment  
*Jane Flowers, Auditor General's Office*

*includes final follow-up  
on deposits pending  
from AG Audit  
2007-005*

**Executive Office of the Governor, Office of the Chief Inspector General  
Six-Month Follow-up Review for Auditor General Report Number 2010-043  
Operational Audit of the Executive Office of the Governor/OTTED  
For the Period July 2006 Through September 2009  
Report Dated November 2009**

**Finding No. 1:**

OTTED did not always correctly prepare and timely submit statutorily required reports.

**Recommendation:**

EOG should ensure that all statutorily required OTTED reports are complete and timely submitted.

**Management's Response:** OTTED acknowledges that the Annual Expenditure Report of the Office of Film and Entertainment has not been submitted in the past by any of the previous Office of Film and Entertainment (OFE) Directors nor any other staff person of the OTTED. The current OFE Director will submit the FY2008-FY2009 report no later than December 30, 2009. Such reporting will begin with the FY2008-FY2009 period as it is the first complete reporting period under her direction (she joined the office in February 2007).

OTTED acknowledges that the Florida Exemption Application Annual Reports were not submitted in a timely manner. Such delayed submissions were due to staff turnover. OFE will submit the future reports as required.

OTTED acknowledges the delays in the completion of CAPCO Annual Reports for the audit period. Since becoming aware of that delay, OTTED has shifted staff resource to place greater emphasis on the timely and complete preparation of the reports. Newly appointed staff that joined OTTED in April has been assigned to monitor the CAPCO program. Accordingly, the report due April 1, 2009 was submitted on June 1, 2009. This report included all of the required information, including the information your audit found to be lacking from prior reports.

Additionally, we acknowledge that the current Enterprise Zone Annual Report does not include information relating to each enterprise zone's strategic plan or measureable goals. However, we feel that the current report meets the statutory requirement to include an analysis of the activities and accomplishments of each enterprise zone. Pursuant to Section 290.0056(11), Florida Statutes, OTTED receives annual reports from 56 local Enterprise Zone Development Agencies. These reports include information on their progress to achieve their strategic plan or measurable goals. A typical annual report includes about five measurable goals with three or four statements summarizing their activities to accomplish the measurable goal. In an effort to provide the most concise information in the Enterprise Zone Annual Report, OTTED has provided a chart summarizing the local accomplishments of each Enterprise Zone Development Agency by including the following information:

1. the number of businesses assisted;
2. the number of new business located within their enterprise zone;
3. the number of jobs created within their enterprise zone;
4. the description and amount of local incentives provided; and

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5. the description and amount of State and Federal Resources accessed within their enterprise zone.

As a remedy, OTTED will include the following statement within future Enterprise Zone Annual Reports:

OTTED maintains a copy of each EZDA Annual Report that includes information regarding accomplishments and progress concerning the implementation of the strategic plan or measurable goals, and any updates to the strategic plan or measurable goals.

Please contact the Enterprise Zone Program Administrator at 850/487-2568 to request a copy of any of the local EZDA Annual Reports that have been submitted to OTTED.

**Description of all corrective action implemented, partially implemented, and scheduled but not implemented:**

Review of the required reports to be submitted by the various economic development programs of OTTED showed the following:

<b>Report Title</b>	<b>Submission Date</b>	<b>Submitted Timely?</b>	<b>Statutory Requirements Met?</b>
Annual Report of the Expenditures of the Office of Film and Entertainment	December 30	Yes	Yes
Film in Florida Exemption Application Annual Report	December 1	Yes	Yes
Certified Capital Company Act (CAPCO) Annual Report	April 1	Yes	No <sup>1</sup>
Florida Enterprise Zone Program Annual Report	March 1	Yes	No <sup>2</sup>

<sup>1</sup> Our review of the CAPCO Annual Report disclosed it did not include the detail amount of the premium tax credit used by each certified investor for the previous calendar year, as required in Section 288.99(12)(a), Florida Statutes. The Department of Revenue is responsible for gathering the information. Although the information was requested from the Department of Revenue, it was not provided and therefore not included in the report.

<sup>2</sup> Our review of the Florida Enterprise Zone Program Annual Report disclosed that it did not include an analysis of the activities and accomplishments of each enterprise zone as required by Section 290.014(2), Florida Statutes. OTTED's original response indicates, they disagreed with the finding and believed that the summary information included in the report satisfies the statutory requirement. However, to ensure the reader has access to the detailed information required by statute, OTTED added additional language in the March 1, 2010 report notifying the reader how to obtain the individual reports.

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<b>Corrective Action Status (completed, partially completed, not started yet)</b>	<b>Planned Completion Date (if not completed)</b>	<b>Responsible OTTED Staff</b>
Completed	NA	NA
Auditor: <b>Tabitha McNulty</b>		

**Finding No. 2:**

As similarly noted in audit report No. 2007-025, OTTED did not always follow established procedures to ensure that collections were timely deposited.

**Recommendation:**

To better ensure that collections are timely deposited, OTTED should follow established EOG procedures. To further promote the timely processing of collections, we also recommend that EOG policies and procedures be revised to set a specific processing benchmark within which checks must be forwarded to F&A.

**Management's Response:**

OTTED recognizes the finding that certain deposits were not forwarded until after the statutory deadline for State Treasury deposit had passed. To remedy this issue, OTTED has shifted staff resources to ensure the timely processing and deposit of collections. OTTED will endeavor to meet both this deadline and the EOG policy on this subject.

**Description of all corrective action implemented, partially implemented, and scheduled but not implemented:**

The EOG Policy and Procedure for Cash Receipts, Procedure 12, was revised in May 2010. The update now includes a benchmark for the reasonable length of time to submit funds received by program areas to Finance and Accounting. The benchmark is the close of business the week the funds were received.

Additionally, we reviewed OTTED's cash log for the period July 2009 through June 15, 2010. Of the 205 checks totaling \$4.99 million that were included in the analysis, 23 checks totaling \$1.7 million were not submitted to Finance and Accounting timely and therefore not deposited timely in the State Treasury. As shown in the table below, these checks were forwarded to Finance and Accounting from 1 to 51 days after the statutory deadline for deposit.

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<b>Number of Days After 7 Working Days Checks were Submitted to F&amp;A</b>	<b>Number of Checks</b>	<b>Total Amount</b>
1-10	13	\$560,759.52
11-30	4	516,287.03
31-51	6	646,794.10
<b>Total</b>	<b>23</b>	<b>\$1,723,840.65</b>

Our review of the log disclosed that no checks have been submitted late since February 2010. Additionally for checks received after the issuance of the Auditor General's report in November 2009, only 6, or 4.7%, of the 129 checks received were submitted late. It appears that OTTED's shifting of staff resources has fixed the problem of late deposits.

<b>Corrective Action Status (completed, partially completed, not started yet)</b>	<b>Planned Completion Date (if not completed)</b>	<b>Responsible OTTED Staff</b>
Complete	NA	NA
Auditor: Tabitha McNulty		