



CHARLIE CRIST  
GOVERNOR

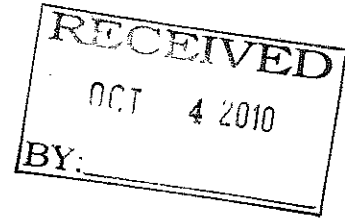
STATE OF FLORIDA

# Office of the Governor

THE CAPITOL  
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September 29, 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. No later than six months after the report is published, the inspector general shall provide a written response to the agency head on the status of corrective actions taken. A copy of the response is also to be provided to the Legislative Auditing Committee.

In March 2010, the Auditor General released Report No. 2010-165, entitled "Audit of the State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards". The report included two findings related to the Executive Office of the Governor.

In accordance with the statutory requirements, we obtained from the staff in the Finance and Accounting Office information on the status of the implementation of the Auditor General's recommendations. The results of our follow-up review, documented on the enclosed report, disclosed that the audit findings had been satisfactorily resolved and no further follow-up is required.

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

Sincerely,

A handwritten signature in black ink that reads "Melinda Miguel".

Melinda M. Miguel  
Chief Inspector General

Enclosure

cc: ✓ Kathy Dubose, Legislative Auditing Committee  
Shane Strum, Chief of Staff  
Dawn Hanson, Administrative Services Director  
Kelley Sasso, Finance and Accounting Director

**Executive Office of the Governor, Office of the Chief Inspector General  
Six-Month Follow-up for Auditor General Report No. 2010-0165  
Audit of State of Florida –  
Compliance and Internal Controls Over Financial Reporting and Federal Awards  
Report Dated March 2010**

**Finding No. FS 09-009:**

Errors in the amounts recorded for accounts payable were noted. We also found that EOG [Executive Office of the Governor] had not designed or implemented effective fiscal year-end financial reporting procedures over the recording and reporting of its accounts payable.

**Recommendation:**

We recommend that EOG design and implement effective review procedures to ensure that accounts payables and related expenditures are recorded accurately at fiscal year-end.

**Management's Response:**

We concur with the Auditor General finding that accounts payable were overstated. The Executive Office of the Governor currently has procedures in place for the accurate accounting of accounts payable; however, these procedures will be enhanced to include additional levels of final review. Additional written guidance will also be provided to all program area office staff defining the existence of an accounts payable as compared to an obligation at fiscal year end.

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

Written guidance was provided to the Office of Tourism, Trade, and Economic Development, Florida Film Office, Florida Energy and Climate Commission, Office of Drug Control, EOG fiscal office, and various EOG staff that have invoice approval authorities on June 10, 2010. Additionally the annual meeting with the EOG fiscal staff regarding processing of payables and certifications forward took place on July 1, 2010.

During the fiscal year-end closing process, Finance and Accounting staff reviewed documentation and information provided to ensure that payable balances from prior years were removed and only fiscal year balances were included.

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

**Executive Office of the Governor, Office of the Chief Inspector General  
Six-Month Follow-up for Auditor General Report No. 2010-0165  
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**Finding No. FS 09-010:**

The EOG's beginning fund equity for the Nonmajor Governmental Fund was understated by \$187,159,326 due to improper accounting treatment for general revenue transfers in the prior fiscal year. Additionally, \$8,000,000 of general revenue transfers were improperly classified during the current year.

**Recommendation:**

We recommend that the EOG enhance its fiscal year-end processes to ensure that all financial records and adjustments to account balances communicated by FSBA [Florida State Board of Administration] for investments and related accounts are timely accounted for and reported to FDFS [Florida Department of Financial Services] for inclusion in the State's financial statements. Additionally, we recommend that the EOG enhance its procedures over the identification and classification of amounts transferred between the EOG and other State funds to ensure that such moneys are properly accounted for and reported in the State's financial statements.

**Management's Response:**

We concur with the finding that Florida State Board of Administration (FSBA) accounts were not timely accounted for in the Executive Office of the Governor (EOG) financial records; however, the EOG does have a procedure in place to accurately account for and report FSBA balances on the financial statements. We will incorporate an additional level of supervisory review to this process prior to the closing of EOG financial records.

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

The additional review of staff work performed for the Innovation Incentive Program was completed on August 25, 2010 prior to the submission of any adjustments to the Department of Financial Services.

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