



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

September 27, 2011

The Honorable Jeff Atwater
Chief Financial Officer
The Capitol, PL-11
Tallahassee, Florida 32399-0301

Dear Mr. Atwater:

As required by Section 20.055, Florida Statutes, I have enclosed the Department's six-month status updates regarding corrective actions taken in response to Auditor General Report Number 2011-167, *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards, In Compliance With OMB Circular A-133 for the Fiscal Year Ended June 30, 2010*.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Ned Luczynski

NL:sll

Attachment

cc: Robert Kneip, Chief of Staff
Paul Whitfield, Deputy Chief Financial Officer
✓Kathy DuBose, Coordinator, Joint Legislative Auditing Committee

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SEP 27 2011

Department of Financial Services
Office of Inspector General

**SIX-MONTH FOLLOW-UP REPORT
STATUS OF CORRECTIVE ACTION**

Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	AG 2011-167	State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards, In Compliance With OMB Circular A-133 for the Fiscal Year Ended June 30, 2010	March 29, 2011
Finding No. FS 10-003	FDFS' Advance to other funds account within the Unclaimed Property Trust Fund (Fund) was significantly understated by \$196,564,323 due to an inadvertent error in calculating an estimate of the amount yet-to-be reclaimed by and paid to unclaimed property claimants (future claim payments). Correspondingly, Department of Education's (FDOE) Advance from other funds account was understated by the same amount.		
Recommendation	We recommend that the Bureau enhance its procedures over estimating future claim payments to unclaimed property claimants to ensure that the amounts are fairly reported.		
Original Response	Concur. The procedures for the Bureau of Unclaimed Property and the Bureau of Financial and Support Services will be enhanced to ensure that amounts for estimating future claim payments are fairly reported.		
Six-month Follow-up: September 29, 2011			
Responsible Divisions	Division of Accounting and Auditing Division of Administration		
Reported Status	Both the Division of Accounting and Auditing and the Division of Administration added additional levels of review to ensure that the advance to other funds within the Unclaimed Property Trust Fund was free of inadvertent calculation errors. The Division of Administration has implemented a process whereby two separate staff members review the data for accuracy. The review involves verification that all appropriate Excel cells are included in the formula. The Bureau of Unclaimed Property has implemented a similar process whereby two separate staff members review the calculations. The second review should help prevent inaccurate reports resulting from inadvertent formula errors.		
OIG Assessment	CLOSED. The Divisions' revised procedures for reviewing the accuracy of calculations appear to adequately address the recommendation.		

Department of Financial Services
Office of Inspector General

**SIX-MONTH FOLLOW-UP REPORT
STATUS OF CORRECTIVE ACTION**

Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	AG 2011-167	State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards, In Compliance With OMB Circular A-133 for the Fiscal Year Ended June 30, 2010	March 29, 2011
Finding No. FS 10-006	All financial statement transactions associated with the State Treasurer's activity of a separate external investment pool were not reported in the related Combining Statement of Changes in Fiduciary Net Assets.		
Recommendation	We recommend that SFRS enhance its fiscal year-end reporting procedures to ensure that all financial transactions related to external investment pool activities are accurately and completely reported in the State's financial statements.		
Original Response	Concur. SFRS procedures will be enhanced to ensure that financial transactions related to external investment pool activities are accurately and completely reported in the State's financial statements.		
Six-month Follow-up: September 29, 2011			
Responsible Division	Division of Accounting and Auditing		
Reported Status	State Financial Reporting Section procedures have been enhanced to ensure that financial transactions related to external investment pool activities are accurately and completely reported in the State's financial statements.		
OIG Assessment	CLOSED. Our review found the Division's revised procedures appear to adequately address the recommendation.		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	AG 2011-167	State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards, In Compliance With OMB Circular A-133 for the Fiscal Year Ended June 30, 2010	March 29, 2011
Finding No. FS 10-009	Compilation procedures performed by the CFO Statewide Financial Reporting Section (SFRS) did not ensure, in all instances, that interfund transfers were properly adjusted, that all agency adjustments were identified prior to entering SFRS adjustments, and that fund balance reserves were properly reflected.		
Recommendation	We recommend that SFRS enhance its compilation procedures to ensure that due from and to state funds and transfers in and out within departments are appropriately identified and adjusted, and that all agency adjustments are identified and considered prior to posting SFRS adjustments. Additionally, we recommend that SFRS enhance its compilation procedures to ensure that the LCEF's net resources are reported in the financial statements as Other reserves.		
Original Response	Concur. SFRS procedures will be enhanced to ensure that due from and to state funds and transfers in and out within departments are appropriately identified and adjusted, and that agency adjustments are identified and considered prior to posting SFRS adjustments. Additionally, SFRS procedures will be enhanced to ensure that the LCEF's net resources are properly reported in the financial statements.		
Six-month Follow-up: September 29, 2011			
Responsible Division	Division of Accounting and Auditing		
Reported Status	State Financial Reporting Section (SFRS) procedures have been enhanced to ensure that due from and to state funds and transfers in and out within departments are appropriately identified and adjusted, and that agency adjustments are identified and considered prior to posting SFRS adjustments. Additionally, SFRS procedures have been enhanced to ensure that the Lawton Chiles Endowment Fund's net resources are properly reported in the financial statements.		
OIG Assessment	CLOSED. Our review of the Division's revised procedures found they appear to adequately address the recommendation.		

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STATUS OF CORRECTIVE ACTION**

Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	AG 2011-167	State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards, In Compliance With OMB Circular A-133 for the Fiscal Year Ended June 30, 2010	March 29, 2011
Finding No. FS 10-010	FDFS did not adequately review the data presented on the Schedule of Expenditures of Federal Awards (SEFA) and in the Notes to the SEFA to ensure accuracy and completeness.		
Recommendation	We recommend that FDFS follow its established review procedures to ensure that amounts reported on the SEFA and the Notes to the SEFA are accurate, complete, and in accordance with OMB Circular A-133 and the Compliance Supplement.		
Original Response	Concur. Procedures will be followed to ensure that amounts reported on the SEFA and the Notes to the SEFA are accurate, complete, and in accordance with OMB Circular A-133 Compliance Supplement.		
Six-month Follow-up: September 29, 2011			
Responsible Division	Division of Accounting and Auditing		
Reported Status	The Department will follow procedures to ensure that amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) and the Notes to the SEFA are accurate, complete, and in accordance with OMB Circular A-133 Compliance Supplement during the SEFA preparation process.		
OIG Assessment	CLOSED. Adherence to the established procedures will help ensure accurate and complete reporting, and compliance with OMB Circular A-133.		