



RICK SCOTT
GOVERNOR

STATE OF FLORIDA
Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

June 27, 2013

The Honorable Rick Scott
Governor of the State of Florida
The Capitol, PL 05
Tallahassee, FL 32399

Dear Governor Scott:

In June 2011, the Auditor General released Report Number 2011-196, Audit of the Local Government Financial Reporting System. Finding Number 2 was applicable to the Executive Office of the Governor's responsibilities specified in Section 218.503, Florida Statutes, the Local Governmental Entity, Charter School, and District School Board Financial Emergencies Act.

As required by the *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc., the Chief Inspector General has established a system to monitor the disposition of results communicated to management and to ensure that corrective actions related to the audit findings and recommendations have been effectively implemented.

In accordance with this requirement, we are providing an update on the status of the implementation of the audit recommendation applicable to the Executive Office of the Governor. The results of our review, which are documented on the enclosed worksheet, disclosed that the recommendations have been implemented to the extent possible and no further follow-up is required.

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

Respectfully,

Melinda M. Miguel
Chief Inspector General

Enclosure

cc/enc: Adam Hollingsworth, Chief of Staff, Executive Office of the Governor
Kathy Dubose, Coordinator, Legislative Auditing Committee
David Ward, Audit Supervisor, Auditor General's Office

**Executive Office of the Governor, Office of the Chief Inspector General
2nd Follow-up for Auditor General Report No. 2011-196
Performance Audit of the
Local Government Financial Reporting System
Report Dated June 2011**

Finding No. 2: Local Governmental Entities in a State of Financial Emergency¹

Thirteen entities declared to be in a state of financial emergency prior to the enactment of Chapter 2004-305, Laws of Florida, and two other entities have not met a condition since the 2006-07 fiscal year but EOG had not, as of March 2011, released these entities from their financial emergency status.

Recommendation:

EOG should determine whether the 15 entities that have not been reported as meeting a condition specified in Section 218.503(1), Florida Statutes, since the 2006-07 fiscal year and the Town of Yankeetown have established and are operating effective financial accounting and reporting systems and, if so, consider releasing them from their financial emergency status.

Response:

We concur with the recommendation. We have begun gathering the information needed to contact the affected entities identified by the auditors to determine their eligibility for release from financial emergency status. Hereafter, we will analyze the entities in financial emergency status on an annual basis to determine which entities should be considered for release.

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

Status as of December 2011: We have contacted the affected entities identified by the auditors. The entities are submitting the information needed to determine their eligibility for release from financial emergency status. We will analyze the information and obtain the necessary approvals so eligible entities can be released no later than June 30, 2012.

Current: On July 27, 2012, eight entities were released from financial emergency. Six were entities identified by the Auditor General's auditors, one was identified by the CIG auditors and one was considered based on a request by the entity. The entities released were: (1) Town of Horseshoe Beach; (2) Town of Welaka; (3) Town of Yankeetown; (4) East Manatee Fire and Rescue District; (5) Hendry County Hospital Authority; (6) Indian River County Hospital District; (7) Sebastian River Water Control District; and (8) West Palm Beach Downtown Development Authority.

The other entities identified by the Auditor General's staff either did not meet the criteria for release or did not provide the information necessary to determine their eligibility for release. In the 2013-2014 fiscal year, we will again analyze entities in financial emergency status to determine which should be considered for release.

Corrective Action Status (completed, partially completed, not started yet)	Planned Completion Date (if not completed)	Responsible Staff
Completed to the extent possible	NA	Melinda Miguel, CIG Kim Mills, Audit Director

¹ Only Finding No. 2 applicable to the Executive Office of the Governor