

**JOINT LEGISLATIVE AUDITING COMMITTEE
MEETING SUMMARY
September 23, 2013**

Members in attendance:

Senator Joseph Abruzzo, Chair
Representative Lake Ray, Vice Chair
Senator Rob Bradley
Representative Daphne D. Campbell
Representative Gayle B. Harrell
Senator Alan Hays
Representative Daniel D. Raulerson
Representative Ray Rodrigues
Senator Wilton Simpson
Representative Cynthia A. Stafford

Senator Jeremy Ring was excused.

Presentations and discussion related to the Transparency Florida Act, s. 215.985, F.S.

Presentations of the Transparency related websites were made by:

Jason Allison, IT Policy Coordinator, Governor's Office of Policy and Budget, and Chair of the User Experience Task Force;

Mike Jones, Policy Coordinator, Governor's Office, Systems Design and Development (Transparency Florida and Florida Fiscal Portal websites);

Mark Frederick, Senior Legislative Analyst, OPPAGA (OPPAGA's Government Program Summaries [GPS] website);

Christina Smith, Director of the Division of Accounting and Auditing with the Department of Financial Services (Florida Accountability Contract Tracking System [FACTS] website); and

Joe Wright, CIO at the Department of Management Services.

There was discussion of the issues relating to Transparency Florida and the requirement for the Committee to issue a report on the status of the websites required by the Transparency Florida Act and to make recommendations for

enhancement. The Committee members were asked to provide recommendations to the Committee's staff prior to the next meeting.

Discussion related to audits of lobbying firms' compensation reports

Chair Abruzzo discussed the requirements of the law and the Committee's responsibilities.

Update on entities the Committee took action against in February 2013 or earlier for failing to file an annual financial report and/or annual financial audit

Debbie White, CPA, of the Committee's staff, presented an update on the entities the Committee took action against for failing to file an annual financial report and/or annual financial audit report. Correspondence was received from the attorneys for Bella Verde Golf Community Development District and CrossCreek Community Development District that: (1) explained the Districts' current financial and operational situations, (2) requested additional time for the delinquent audits to be produced, and (3) requested that litigation by the Department of Economic Opportunity pursuant to s. 189.421(3), F.S., be delayed.

Rep. Raulerson moved that the Committee accept the staff recommendation to delay state action against Bella Verde Golf Community Development District and CrossCreek Community Development District and notify the Department of Economic Opportunity to cease state action against these two special districts.

The motion was adopted without objection.

Update on entities the Committee took action against in February 2013 for failing to correct repeat audit findings

Pursuant to s. 218.39(8), F.S., the Committee is expected to consider taking action against municipalities and special districts that have failed to take full corrective action in response to repeat audit findings, based on 2010-11 fiscal year audit reports

Kathy DuBose, JLAC Coordinator, presented the last two items together as they both relate to entities that have failed to correct audit findings that have been reported in three successive audit reports. She explained that this was the first year of enforcement. In February, the Committee took action against 449 entities that included state universities and colleges, school districts, charter schools, and local governments. These entities had a total of 892 audit findings that were reported in three successive audit reports. As a result of the Committee's action, the

Committee's staff sent letters to all entities¹ to request a written statement regarding the steps they either had taken or intend to take to correct the audit findings in question. Responses were received from all entities with the exception of one charter school.² Many of the entities either fully corrected audit findings or are taking steps and are making progress towards correcting the findings. Some entities submitted incomplete responses, and the Committee's staff has requested additional information. If these entities do not respond, the Committee may want to consider requesting them to appear before the Committee to explain.

Several Committee members expressed concern regarding a statement made by staff that a number of entities had one or more audit findings that would likely never be completely resolved. These entities are smaller governments with limited staff and resources. An example of a finding that may apply to this situation is a lack of separation of duties. For example, financial transactions should be handled by multiple staff members in order to reduce the risk that a misstatement or error may occur and not be detected and corrected on a timely basis. If a small municipality has only a single clerk to handle all financial-related transactions, this would result in a separation of duties finding in the audit report, unless a number of control procedures have been implemented to compensate for this internal control deficiency. Rep. Raulerson, CPA, explained that these are reportable conditions. If they exist, auditing standards require an auditor to report them as a finding.

The Committee also received an additional notification from the Auditor General, which listed 38 municipalities and special districts that had failed to correct audit findings included in three successive audit reports. Committee staff recommended that the Committee take action against these entities by requesting a written statement in accordance with s. 218.39(8)(a), F.S.

Rep. Campbell moved to direct staff to send a letter to the municipalities and special districts that were reported to the Committee by the Auditor General on May 5, 2013, for failing to correct audit findings unless the audit report for 2011-12 fiscal year is available and it shows the findings have since been corrected. These entities shall be required to provide a written statement to the Committee explaining why full corrective action has not been taken, or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.

The motion was adopted without objection.

Rep. Ray moved to rise.

¹ Two special districts had been dissolved prior to the date of the Committee's letters. Letters were sent to the remaining 447 entities.

² The 2011-12 audit report for the charter school was reviewed, and it was determined that the audit finding in question had been corrected.