



FLORIDA DEPARTMENT of

# management SERVICES

We serve those who serve Florida

4650 Esplanade Way  
Tallahassee, FL 32399-0950  
Tel: 850-488-2786 | Fax: 850-922-6149

Rick Scott, Governor

Chad Poppell, Secretary

April 30, 2015

Mr. David W. Martin, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Pursuant to section 20.055(5)(h), Florida Statutes, the attached report is the Department's explanation of the six-month status of the finding and recommendation related to the Department of Management Services published in the Auditor General's Audit Report No. 2015-037, **Local Government Financial Reporting Systems Audit**. Our response addresses the finding and recommendation in the same order as it appears in the audit report.

If further information is needed concerning our response, please contact either Yolanda Lockett, Audit Director, at (850)-487-9476 or Walter Sachs, Inspector General, at (850) 488-5285.

Sincerely,

Chad Poppell  
Secretary

Attachment

cc: Keith Brinkman, Bureau of Local Retirement  
Darren Brooks, Deputy Secretary, Workforce Operations  
Dan Drake, Director of State Retirement Division  
Elizabeth Stevens, Assistant Director of State Retirement Division  
Walter Sachs, Inspector General  
Yolanda Lockett, Audit Director

## Audit Status Report Update Form

Status Date	Report No.	Report Title	
10/29/2014	2015-037	Local Government Financial Reporting Systems Audit	
Contact Person	Program/Process	Phone No.	
Keith Brinkman	Bureau of Local Retirement Systems	850-414-6315	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Division of Retirement	Yes	4/20/2015
Finding			
No.	8	Database of Municipalities and Special Districts	
Date	10/29/2014		
Recommendation			
The DMS should enhance its procedures to ensure that it timely contacts entities that change to the FRS to determine if local plans are still in effect and any newly created entity to obtain data on all public employee retirement systems or plans as soon as possible after the creation of the entity.			
Original Response			
<p>While DMS agrees that more frequent surveys would further mitigate the risk of missing pension plans in the database, based on the 2014 survey responses, none of the identified new districts had created a pension plan for their employees, and currently only 47 out of more than 1,600 total special districts sponsor such a plan (less than 3%). In recent years, the definite trend has been away from establishing new pension plans. Although the risk of missing a new pension plan is low, DMS will establish a procedure to perform local government surveys at least on a triennial basis going forward. Also, DMS will implement a procedure to contact new local government entities within one year of creation.</p> <p>It should also be noted that when a city or special district initiates participation in the Florida Retirement System (FRS), all future hires are mandatory FRS members. Existing local plan members are given an option to remain in the local plan or join FRS for future service. Depending on individual ballots, the local plan may be terminated, closed or transferred to a substituted trust fund. The Bureau of Enrollment and Contributions in DMS regularly communicates with the Bureau of Local Retirement Systems during the FRS enrollment process. Depending on the disposition of the local plan, which is communicated to DMS during the enrollment process, the Bureau of Local Retirement Systems amends the database to reflect the plan's current status. Consequently, there is low risk that a local plan will be improperly identified in the database following a switch to FRS.</p>			
Status Update-6mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input checked="" type="checkbox"/> Complete			
DMS has established procedures to annually search for new local government entities using available databases, and to contact any such new entities to determine whether the entity maintains a local government retirement plan. DMS has also established procedures to perform local government surveys at least on a triennial basis.			
Status Update-12mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			
Status Update-18mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			