



CHIEF FINANCIAL OFFICER  
JIMMY PATRONIS  
STATE OF FLORIDA

JLAC Received 12-14-2023

**MEMORANDUM**

**DATE:** December 14, 2023

**TO:** Jimmy Patronis, Chief Financial Officer

**THROUGH:** Dawn E. Case, Inspector General <sup>DEC</sup>

**FROM:** Debbie K. Clark, Director of Audit <sup>DKC</sup>

**SUBJECT:** Six-Month Follow-up Report on Status of Corrective Action, Auditor General Report 2023-196, *Local Government Financial Reporting System*, published June 16, 2023

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Internal auditing standards require that the Office of Inspector General monitor the status of corrective actions taken in response to findings and recommendations made by both external and internal audit entities. Accordingly, attached please find our six-month follow-up report on the Status of Corrective Action related to the above-referenced report.

Our six-month review indicates that Division of Accounting and Auditing has partially completed the corrective action of the finding, with an anticipated completion date of January 31, 2024.

Please contact me if you have any questions.

DKC/tf  
Enclosure

cc: Frank Collins, Chief of Staff  
Susan Miller, Deputy Chief of Staff  
Caleb Spencer, Deputy Chief of Staff  
Scott Fennell, Deputy Chief Financial Officer  
Paul Whitfield, Director of Accounting and Auditing  
Kathy DuBose, Joint Legislative Auditing Committee

**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	2023-196	Local Government Financial Reporting System	June 16, 2023
<b>Finding 3</b>	Statutory requirements for annual statements of county compliance for court-related functions could be clarified to ensure that the statements are properly and consistently prepared in accordance with Legislative intent.		
<b>Recommendation</b>	<p>The Legislature should consider revising State law, or alternately, the DFS should consider adopting administrative rules governing CPA statements of compliance to:</p> <ul style="list-style-type: none"> <li>• Require CPAs to follow specified professional standards, such as AICPA examination attestation standards or AICPA auditing standards, when providing assurance on the statements of compliance.</li> <li>• Require DFS personnel to document verification that the CPA statements of compliance were prepared in compliance with State law, DFS rules and instructions, and applicable professional standards.</li> <li>• Clarify what provisions of law should be addressed in the CPAs' determinations of compliance so that the determinations are not duplicative of DFS procedures.</li> </ul> <p>In addition, we recommend that the DFS apply remedies specified in State law to compel counties to timely file functions reports and CPA statements of compliance.</p>		
<b>Responsible Division</b>	Accounting and Auditing		
<b>Original Response</b>	<p>We agree that the process can be improved. The Auditor General found some instances where certification statements of compliance were not accompanied by the functions report provided by a CPA. Further, DFS lacked procedures to verify that the functions report data agreed with the data on the signed copy of the template attested to by county officials.</p> <p>The Division of Accounting &amp; Auditing is updating its internal policies and procedures to provide assurance that court-related functions data is properly submitted and reported.</p> <p>With regards to AICPA professional standards and compliance with s. 29.008, FS, DFS will need to work collaboratively with the Auditor General and have ongoing conversations for defining compliance and establishing which auditing standards should be required. Section 29.0085(2)(a), FS, provides that within four months of the close of the local government fiscal year, each county shall submit to the Chief Financial Officer a statement of compliance from its independent certified public accountant, engaged pursuant to s. 218.39, FS, that the certified statement of expenditures was in accordance with s. 29.008, FS, and this section.</p> <p>Since 218.39, FS is the Auditor General's statute which provides that all audits conducted pursuant to that section must be conducted in accordance with the</p>		

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	<p>rules of the Auditor General adopted pursuant to s.11.45, FS, we will work in consultation with Auditor General and the Florida Clerk of the Court Operations Corporations in providing this guidance.</p> <p>Finally, the application of remedies should be considered on a case by case basis.</p> <p>Expected Completion Date for Corrective Action: September 1, 2023</p>
<p><b>Six-month Follow-up:</b></p>	
<p><b>Reported Status</b></p>	<p>Regarding the finding of the Auditor General that a) some instances where certification statements of compliance were not accompanied by the functions report provided by a CPA and b) DFS lacked procedures to verify that the functions report data agreed with the data on the signed copy of the template attested to by county officials.</p> <p>The Division of Accounting &amp; Auditing has performed a manual inspection of the 29.0085 report and required certifications received from each county. Additionally, the Division is in the process of updating and implementing its internal policy and procedure to include an electronic process for the submission of the 29.0085 report with all documentation required. The team will continue to visually inspect the submitted documents to ensure that they are the correct documents.</p> <p>With regards to improvement of the reporting process and compliance with s. 29.008, FS, DFS does not disagree that additional statutory provisions or administrative rules could create a more standardized reporting process. The Legislature did not direct DFS to specify professional accounting standards for CPAs conducting audits or producing statements of compliance; therefore, DFS has not proposed nor adopted rules to this effect.</p>
<p><b>Expected Completion Date for Corrective Action</b></p>	<p>01/31/2024</p>
<p><b>OIG Assessment</b></p>	<p>Partially completed. Accounting and Auditing has initiated corrective action to ensure all documentation is submitted and reviewed. The OIG will continue to monitor Accounting and Auditing's efforts until the finding is fully corrected or the related risk is accepted.</p>