September 27, 2011

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

Dear Mr. Atwater:


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

Sincerely,

Ned Luczynski

cc: Robert Kneip, Chief of Staff
    Paul Whitfield, Deputy Chief Financial Officer
    Kathy DuBose, Coordinator, 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 |

**Finding**  
No. FS 10-003  

FDGS' 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.
### SIX-MONTH FOLLOW-UP REPORT
**STATUS OF CORRECTIVE ACTION**

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

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**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.

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**Six-month Follow-up: September 29, 2011**

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<tr>
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<tr>
<td><strong>Reported Status</strong></td>
<td>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.</td>
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<tr>
<td><strong>OIG Assessment</strong></td>
<td>CLOSED. Adherence to the established procedures will help ensure accurate and complete reporting, and compliance with OMB Circular A-133.</td>
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