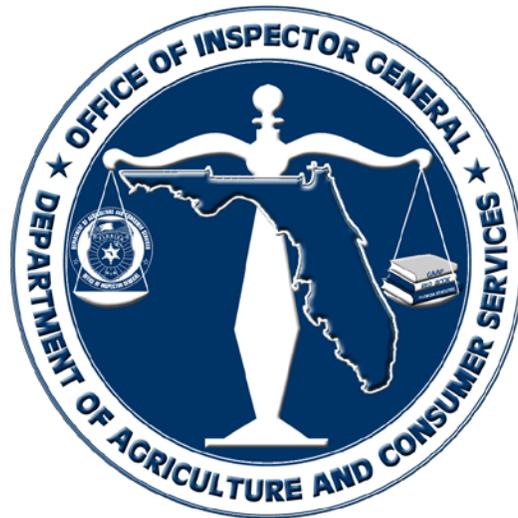


Department of Agriculture and Consumer Services

Adam H. Putnam, Commissioner



Status Report
Auditor General Report No. 2012-161

September 2012

Office of Inspector General
Ron Russo, Inspector General

Florida Department of Agriculture and Consumer Services

External Audit Status Report

September 20, 2012

Auditor General
Report No. 2012-161
Dated: March 2012

**Revenue Collection Process and Selected
Information Technology Controls**

The Inspector General is required by Florida Statute 20.055(5)(h) to report to the Commissioner of Agriculture on the status of corrective actions taken on reports published by the Auditor General or the Office of Program Policy Analysis and Government Accountability (OPPAGA). This audit by the Auditor General contained eight findings and recommendations that required corrective action by the Department. The status of corrective action was reported by Department management.

Status of Corrective Action

Finding No. 1: Internal control deficiencies existed in the multiple revenue collection processes used by the Department.

Corrective Action: In-progress – All divisions that collect revenue are in the process of revising their Standard Operating Procedures for revenue collection to address the control deficiencies, including separation of duties, the use of prenumbered receipts, immediate restrictive endorsement of checks upon receipt, and the use of revenue chain of custody forms. It is anticipated that the revisions will be completed in January 2013.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 2: Periodic reconciliations of revenue collections to the corresponding records of licenses, permits, fees, or services were not performed for six Divisions and the Bureau of Dairy Industry. Additionally, reconciliations between the Florida Accounting Information Resource Subsystem and the Revenue and Receipts Accounting System were incomplete.

Corrective Action: In-progress – All Divisions that collect revenue are in the process of revising their Standard Operating Procedures for revenue collection to address the timely completion of revenue reconciliations. The reconciliations will be performed by personnel independent of the collection-handling function and will be documented to include reconciliations of the REV System to FLAIR, and of the revenue collected to the number of licenses or permits issued or services rendered. In addition, the Department conducted training on revenue collection procedures in June 2012. It is anticipated that the revisions to the Standard Operating Procedures will be completed in January 2013.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 3: Not all collections were timely deposited, a record of the date of receipt was not maintained for all collections, and record of deposit for two receipts was not available.

Corrective Action: In-progress – All Divisions that collect revenue are in the process of revising their Standard Operating Procedures for revenue collection to address the timely deposit of funds. The procedures will set the timeline for the deposit of revenue and will indicate required documentation of the date of receipt and deposit. It is anticipated that the revisions will be completed in January 2013.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 4: Collections from timber sales were not always timely remitted to other governmental entities.

Corrective Action: In-progress – The Florida Forest Service normally receives several checks as payment for a single sale; therefore, the checks are kept in-house and delivered to the corresponding agency according to the timeframe established in the executed Memorandum of Agreement (MOA), which can range up to 30 days. On occasion, checks were not transferred by FFS to other agencies in a timely manner. The payment method currently in place, including the handling of check transfers, will be reflected under the new FFS Standard Operating Procedure. FFS will also reinforce with its employees the importance of meeting the requirements of the MOA in ensuring that all moneys received on behalf of other governmental agencies are timely remitted to those entities.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 5: Controls were not sufficient over the collection of fair ride inspection fees. Also, improved accountability for unissued permit decals was needed.

Corrective Action: In-progress – During the time of the audit, the Bureau of Fair Rides implemented a permit decal auditing procedure requiring inspectors to turn in all unused permit decals each January. The Department has completed the audit for calendar year 2010 decals and all discrepancies have been resolved. The audit of calendar year 2011 decals is currently underway with an anticipated completion date of October 1, 2012.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 6: The Division of Animal Industry did not always bill veterinarians for the animal health certificates issued to them. The Division indicated that the Empower Financial System did not properly process invoices when the number of books ordered exceeded more than 20.

Corrective Action: Has been taken – On January 3, 2012, the Department implemented a new Laboratory Information Management System which incorporated the order processing/invoicing for health certificates. In addition, the Bureau of Animal Disease Control staff reconciles the orders and payments on a monthly basis. As of September 6, 2012, the Department has collected all of the unbilled total of \$74,791 except for \$2,925, which relates to a single client who will not make payment until the Department provides documents to substantiate the amount due. The documents in question were destroyed in accordance with the records retention schedule; therefore, the Department is not pursuing collection at this time.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 7: The Bureau of Dairy Industry lacked a mechanism to ensure that milkfat tester permits were issued upon receipt of payment.

Corrective Action: In-progress – The Bureau of Dairy Industry is in the process of revising its Standard Operating Procedures for revenue collection to address the timely completion of revenue reconciliations. The procedures will require reconciliations of the revenue collected to the number of licenses or permits issued or services rendered and the timely investigation and resolution of any differences noted. It is anticipated that the revisions will be completed in January 2013.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

Finding No. 8: Delays in the termination of information technology resources access privileges upon employee separation continued to exist.

Corrective Action: In-progress – The Department will continue to emphasize in supervisory training the importance of timely notification to remove user access privileges for terminating employees. In addition, the Department will amend Administrative Policies and Procedures No. 1-18, which addresses termination of user accounts, to require a more reasonable time period to revoke user access accounts. It is anticipated that the revision will be completed by September 30, 2012.

Follow-up by the Office of Inspector General Internal Audit Group: Will be performed.

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