



FLORIDA DEPARTMENT of

management SERVICES

We serve those who serve Florida

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Rick Scott, Governor

Craig J. Nichols, Agency Secretary

October 8, 2014

Craig Nichols
Agency Secretary
Department of Management Services
4050 Esplanade Way
Tallahassee, FL 32399-0950

Dear Mr. Nichols:

In accordance with section 20.055, Florida Statutes, the attached document represents our explanation of the six-month status of findings and recommendations included in the AG published Report No. 2014-173, ***State of Florida – Compliance and Internal Controls over Financial Reporting and Federal Awards.***

The findings and recommendations in this summary appear in the same order as they appeared in the report.

If further information is needed concerning our response, please do not hesitate to contact me.

Sincerely,

Walter Sachs
Inspector General

WS:yvl

Attachment

cc: Stacy Arias, Deputy Secretary, Business Operations
Debra Forbess, Director of Administration
Yolanda Lockett, Audit Director
Melinda Miguel, Chief Inspector General
David W. Martin, Auditor General
Joint Legislative Auditing Committee

Audit Status Report Update Form

Status Date	Report No.	Report Title	
10/8/2014	2014-173	State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards	
Contact Person	Program/Process	Phone No.	
Kelly McMullen	Bureau of Financial Management Services	487-0950	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
Finding			
No.	2013-003	Rather than separately record employee pension contributions, the FDMS recorded the contributions in other financial statement line items.	
Date	3/1/2014		
Recommendation		We recommend that the FDMS enhance financial reporting procedures to ensure compliance with applicable pension reporting standards.	
Original Response		We concur with the Auditor General's Office. The codes have been changed in the accounting records to reflect the proper coding. In addition, we have added these items to our year-end checklist.	
Status Update - Gmo			
<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			

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Kelly McMullen	Bureau of Financial Management Services	487-0950	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
Finding			
No.	2013-004	The FDMS did not properly classify its Communications and Facilities internal service fund's net position in accordance with generally accepted accounting principles (GAAP).	
Date	3/1/2014		
Recommendation		We recommend that the FDMS enhance fiscal year-end reporting procedures to ensure the appropriateness of its calculation for Net investment in capital assets and the reporting of the Restricted and Unrestricted components of Net position for the applicable internal service funds.	
Original Response		We concur with the Audit General's Office. The codes have been changed in the accounting records to reflect the proper coding. In addition, we have added these items to our year-end checklist.	
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			

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Kelly McMullen	Bureau of Financial Management Services	487-0950	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
Finding			
No.	2013-031	Reconciliations for the 2014 SWCAP disclosed two funds with excessive balances.	
Date	3/1/2014		
Recommendation			
We recommend that the FDMS take actions, as appropriate, to prevent excess fund balances.			
Original Response			
<p>The Department of Financial Services has restated the 2012 SWCAP excessive balance in the 2013 SWCAP for the Communications Trust Fund. This was due to the \$481,024 payment made to the Federal Government (HHS) on June 20, 2013 from the trust fund. With this payment, there is no longer an excessive balance in this fund. In a proactive measure to reduce future excessive balances, telecommunications rates for dedicated toll-free were reduced by 4% and switch toll free rates were reduced by 4.4%.</p> <p>The Department of Management Services has submitted a budget amendment to obtain additional spending authority to make a payment of \$2,378,425.46 to the Federal Government (HHS) of the Purchasing Trust Fund. This payment represents the cumulative excessive balances in fiscal years 2011, 2012, and 2013. In addition, DMS is proposing to decrease the 1% fee to .75% effective October 1, 2014 to prevent future excessive balances in the Purchasing Trust Fund.</p>			
Status Update-6mo			
<input checked="" type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input checked="" type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			
The Department made a payment to HHS on July 7, 2014 for the SWCAP payment from the Purchasing Operating Trust Fund to address excess balance. Discussions between the Governor's Office of Policy and Budget and legislative staff are on-going to find a resolution.			