

# Department of Agriculture and Consumer Services



Status Report to Auditor General Report No. 2017-180  
Compliance and Internal Controls Over  
Financial Reporting and Federal Awards

July 12, 2017

Office of Inspector General  
Ron Russo, Inspector General



# Department of Agriculture and Consumer Services Office of Inspector General

## External Audit Status Report

July 2017

Report No. AG 2017-180

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### Compliance and Internal Controls Over Financial Reporting and Federal Awards

#### AT A GLANCE

The Inspector General is required by s. 20.055(5)(h), Florida Statutes, 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. The Auditor General's report No. 2017-180 on Controls Over Financial Reporting for Fiscal Year Ended June 30, 2016, contained three findings and recommendations that required corrective action by the Florida Department of Agriculture and Consumer Services (FDACS). The status of corrective actions, as reported by management for the Division of Food, Nutrition, and Wellness, are summarized in this report.

#### Status: Corrected

FDACS has developed enhanced procedures to ensure all amounts in each Part of the FNS-10 are correctly reported.

All information reported in the FNS-10 is subject to revision based on audits, investigations, or management evaluations, and amounts may alter from month to month as Program Operators make administrative adjustments; however, the FNS-777 report, which is submitted to the U.S. Department of Agriculture following the end of the 4th quarter of the fiscal year reconciles the monthly FNS-10 amounts with final financial data for all Child Nutrition Cluster programs. It is considered the final financial reconciliation and closeout for each fiscal year. Part B of the FNS-10 for October 2015 has been revised to reflect the most up to date information from FANS for that reporting period, including revisions as described above.

#### FINDINGS DETAIL

##### *REPORTING OF SPONSOR DATA TO THE USDA*

**Finding No. FA 2016-006:** The FDACS did not always correctly report sponsor data in the U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS), FNS-10 *Report of School Program Operations*.

**Recommendation:** The Auditor General recommends that the FDACS enhance procedures to ensure that all amounts are correctly reported in FNS-10 reports.

##### *REVIEW OF SUBRECIPIENT AUDIT REPORTS*

**Finding No. FA 2016-007:** FDACS procedures were not adequate to ensure that subrecipient audit reports were obtained and reviewed for all subrecipients and subrecipient deficiencies were timely followed up on.

**Recommendation:** The Auditor General recommends that FDACS enhance controls

to ensure that all subrecipients obtain and submit to the FDACS audit reports as required by Federal regulations, all applicable findings are followed up on, and management decisions are timely issued.

**Status: Corrected**

As identified in the Office of the Chief Inspector General Report 2016-02, Enterprise Assessment of Single Audit Act Activities Across Selected State Agencies, the State of Florida does not maintain a public database of completed Single Audit Reports. In lieu of a central repository, FDACS will continue to utilize Child Nutrition Cluster reimbursement data from the prior fiscal year to identify subrecipients who are most likely to expend \$750,000 or more in Federal awards each fiscal year. FDACS will contact each identified subrecipient to determine whether an audit is required. FDACS will also conduct monthly reviews of the audit tracking log to ensure all subrecipient audit reports are obtained, reviewed, and timely followed up on.

*NOTIFICATIONS TO SPONSORS*

**Finding No. FA 2016-008:** The FDACS did not notify Child Nutrition Cluster sponsors that, as of October 1, 2015, the terms and conditions of the Federal award had been revised.

**Recommendation:** The Auditor General recommends that FDACS management establish procedures to ensure that sponsors are timely notified of changes in Federal award terms and conditions.

**Status: Corrected**

FDACS has established a temporary procedure to annually notify its subrecipients of the Federal Award Identification Number (FAIN); the Federal Award Date; and the Subaward Period of Performance Start and End Date of each Federal award as specified in 2 CFR 200.331(a). This information is available for Fiscal Year 2016-2017 in the "Download Forms" section of the Florida Automated Nutrition System (FANS) under the "Federal Award Information" tab. Subrecipients were advised of the availability of this information through the FDACS weekly communication. Moving forward, FDACS will notify subrecipients on November 1st annually using the same procedure until final guidance is received from the U.S. Department of Agriculture.

\*\*\*End of Report\*\*\*

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This status follow-up was conducted in conformance with the applicable standards for the General Principles and Standards for Offices of Inspector General, the International Standards for the Professional Practice of Internal Auditing, and Information Systems Auditing Standards as published by the Association of Inspectors General, the Institute of Internal Auditors and the Information Systems Audit and Control Association, respectively.

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