

JOINT LEGISLATIVE AUDITING COMMITTEE
MEETING SUMMARY
February 17, 2014

Members in Attendance

Representative Lake Ray, Chair
Senator Joseph Abruzzo, Vice Chair
Senator Rob Bradley
Representative Daphne D. Campbell
Representative Gayle B. Harrell
Senator Alan Hays
Representative Daniel D. Raulerson
Senator Jeremy Ring
Representative Ray Rodrigues
Senator Wilton Simpson
Representative Cynthia A. Stafford

The agenda items were taken up in the following order:

Annual audit of the Department of the Lottery:

Presentation of the Department's financial statements

Cynthia O'Connell, Secretary, Department of the Lottery, gave a presentation on behalf of the Department. Ellyn Hutson, Chief Financial Officer, presented the Department's financial statements.

Presentation of the Auditor General's audit of the Department's financial statements

Kathryn Walker, Audit Manager, Office of the Auditor General, presented the audit of the Department of the Lottery.

Presentation of OPPAGA's review of the Department

Becky Vickers, Chief Legislative Analyst, OPPAGA, presented their review of the Department of the Lottery. Justin Graham, OPPAGA, also spoke.

Consideration of the Department's audit for the 2013-14 fiscal year

Rep. Harrell moved that the Committee direct the Auditor General and OPPAGA to conduct the audit of the Department of the Lottery for the 2013-14 fiscal year. The Auditor General will be responsible for the financial statements, internal control, and compliance issues. The Auditor General may also use his discretion to include operational topics.

OPPAGA will be responsible for developing recommendations to enhance the earning capability of the lottery and to improve the efficiency of the Department's operations.

The motion was adopted.

Continuation of any unfinished business from the Committee's February 10th meeting

City of Hampton

Chair Ray discussed City of Hampton developments since the February 10, 2014, Committee meeting. All three City employees have resigned. He also mentioned that the City has been on the Governor's List of Local Governmental Entities in Financial Emergency Status for a number of years.

Senator Bradley discussed concerns regarding the City of Hampton and the public safety and welfare of the City's residents, especially in regard to the City's water plant. He stated that he and Representative Van Zant would be moving forward with legislation relating to the dissolution of the City of Hampton and working with the presiding officers to do so.

Senator Bradley moved that the Committee be directed to hold the letter to the Department of Revenue and the Department of Financial Services that was authorized on February 10, 2014, for an additional 90 days from February 17, 2014. The letter shall be sent then unless the Chairs determine that there are extenuating circumstances and after reporting to the presiding officers.

The motion was adopted.

Senator Hays moved that the Committee authorize Chair Ray and Senator Bradley to work with the presiding officers regarding the necessary bills for dissolution and make this happen as soon as it can.

The motion was adopted.

District School Board Oversight

Chair Ray presented the recommendations made for improved school district oversight resulting from the February 10, 2014, meeting.

Rep. Harrell moved to send the recommendations to the Education Committees of the Senate and the House for their review.

The motion was adopted.

Discussion Related to the Committee's Report on Transparency Florida

The Chair called on Rep. Rodrigues to discuss his recommendation related to the Transparency Florida Report, since there was a lack of time when the report was approved.

Rep. Rodrigues discussed his recommendation regarding college salaries.

Rep. Rodrigues moved that the Committee recommend that the Florida Has a Right to Know website include salaries of employees of the Florida College System. Senator Hays amended the motion to recommend that, for all state colleges and state universities, the name of the employee should not be attached to the salary; they should be listed by position only.

The motion was adopted. The recommendations will be attached to the Committee's previously approved Transparency Florida report.

The Committee is expected to consider taking action, pursuant to s. 11.40(2), F.S., against local government that have failed to file an annual financial report and/or annual financial audit (if required) due June 30, 2013, or earlier.

The Chair called on Debbie White, CPA, Committee staff, to explain the requirements and staff recommendations.

Rep. Raulerson moved that the Committee accept staff recommendations for the municipalities and special districts on Lists 1 through 3 and direct staff to contact the Department of Revenue and the Department of Financial Services or the Department of Economic Opportunity, as appropriate, and direct them to proceed according to the provisions of Section 11.40(2), Florida Statutes.

He further moved that the Chair, with the consent of the Vice Chair, be permitted to delay action against the entities on Lists 1 and 2 if additional information is brought to their attention that should be considered in determining the effective date of the Committee's action.

Staff shall deliver a copy of any such decision to the members of the Committee, the President of the Senate, and the Speaker of the House.

Staff shall continue to monitor the special districts on List 3.

List 1: Municipalities –

<i>Name</i>	<i>County</i>	<i>Staff Recommendation</i>
Town of Caryville	Washington	Take action by 2/18/2014 and direct staff to notify delegation members or staff of situation
City of Cottondale	Jackson	Take action if not received by 2/28/2014
City of Quincy	Gadsden	Take action if not received by 2/28/2014
City of Springfield	Bay	Take action if not received by 3/31/2014
City of Vernon	Washington	Take action by 2/18/2014
City of Webster	Sumter	Take action if not received by 3/31/2014
City of Weeki Wachee	Hernando	In lieu of FY 2008-09 audit, require City to have audit for either FY 2012-13 or FY 2013-14

List 2: Special Districts (Independent) –

<i>Name</i>	<i>County</i>	<i>Staff Recommendation</i>
Eastpoint Water & Sewer District	Franklin	Take action if not received by 2/28/2014
Flagler Soil & Water Conservation District	Flagler	Take action by 2/18/2014
Moultrie Creek Community Development District [CDD]	St. Johns	Take action by 2/18/2014
Solterra Resort CDD	Polk	Take action if not received by 3/31/2014
Villages of Avignon CDD	Manatee	Allow District to provide FY 2012-13 audit In lieu of FY 2011-12 audit. No state action relating to FY 2011-12 audit.

List 2: Special Districts (Dependent) –

<i>Name</i>	<i>County</i>	<i>Staff Recommendation</i>
Quincy Community Redevelopment Agency	Gadsden	No action on special district since City of Quincy is responsible for submitting AFR
Springfield Community Redevelopment Agency	Bay	No action on special district since City of Springfield is responsible for submitting AFR

List 3: Special Districts (Independent) –

<u>Name</u>	<u>County</u>	<u>Staff Recommendation</u>
Bella Verde East Community Development District [CDD]	Pasco	No state action
Bella Verde Golf CDD	Pasco	No state action
Bella Verde Lake CDD	Pasco	No state action
Business Improvement District of Coral Gables	Miami-Dade	No state action since an audit was performed. If governmental audit is not performed by FY 2012-13, take state action.
CrossCreek CDD	Manatee	Delay action on FY 2011-12 financial reports. Continue to delay action on other delinquent financial reports.
Freedom Walk CDD	Okaloosa	Delay Action
Morningside CDD	Bay	No state action
Santa Rosa Bay Bridge Authority	Santa Rosa	Continue to delay action
Southbay CDD	Manatee	No state action
Southern Hills Plantation III CDD	Hernando	Continue to delay action
Tidewater Preserve CDD	Manatee	No state action
Venetian CDD	Sarasota	Delay action
Vizcaya in Kendall CDD	Miami-Dade	Continue to delay action

The motion was adopted.

Pursuant to s. 11.45(7)(b), F.S., the Committee is expected to consider taking action against municipalities and special districts that have failed to provide the Auditor General with significant items missing from audit reports submitted in accordance with s. 218.39, F.S.

Debbie White, CPA, Committee staff, explained the staff recommendations regarding the special districts that have failed to provide the Auditor General with significant items missing from audit reports.

Special Districts – Significant Items Missing

<u>Name</u>	<u>County</u>	<u>Staff Recommendation</u>
Liberty Fire District	Walton	Take action if required item is not provided by 3/31/2014
Merritt Island Public Library District	Brevard	Take action if required items are not provided by 3/31/2014
SWI Community Development District [CDD]	Volusia	Take action if required item is not provided by 3/31/2014
Villages of Avignon CDD	Manatee	Take action if required items are not provided by 3/31/2014

Rep. Campbell moved that the Committee accept staff recommendations for the special districts that have failed to provide the Auditor General with significant items missing from their audit reports and direct staff to notify the Department of Economic Opportunity to proceed with the provisions of Section 11.40(2), Florida Statutes.

The motion was adopted.

Pursuant to ss. 11.45(7) and 218.39(8), F.S., the Committee is expected to consider taking action against educational and local governmental entities that have failed to take full corrective action in response to repeat audit findings

The Chair explained that the Auditor General notified the Committee of over 450 local governments and educational entities that had failed to correct over 900 audit findings. The Committee can ask these entities to provide a written status of the corrective action they have taken to correct the findings. Debbie White, CPA, Committee staff, explained the meeting materials, which include 12 schedules. The staff recommendation for the first eight schedules is to send a letter to each entity. The last four schedules primarily include findings such as the lack of separation of duties, the CPA assisting to prepare the financial statements, or the CPA having to make material audit adjustments. These are generally smaller entities. The staff recommendation is to not send a letter to these entities. All of these entities responded to the Committee last year and indicated compensating controls they have implemented or provided other information to address these specific findings.

Senator Abruzzo moved to accept staff recommendations and, where applicable, direct staff to send a letter to the entities that have been reported to the Committee by the Auditor General for failing to correct audit findings, unless the audit for 2012-13 fiscal year is available and shows the findings have since been corrected.

These entities shall be required to provide a written statement to the Committee explaining why full corrective action has not been taken, or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.

The motion was adopted.

Rep. Campbell moved to adjourn.