

OFFICE OF INSPECTOR GENERAL



Report Number IA-2005 - Florida Veterans Foundation May 6th, 2020

EXECUTIVE SUMMARY

The objectives of this audit were to evaluate the accuracy of the financial records and the effectiveness of related internal controls at the Florida Veterans Foundation (FVF).

The audit included the examination of various financial records and transactions that occurred during 2019 and 2020. The main focus was to ensure financials were accurately stated. We also reviewed the controls over the financials to ensure adequacy to prevent fraud or misstatement of records.

There were three findings noted related to our review:

Finding No. 1: The President at the FVF developed fiscal Policies and Procedures in early April 2020 that was approved by the Board of Directors. Internal Audit made 12 enhancements to the Policies and Procedures that the FVF should consider implementing.

Finding No. 2: The FVF could not provide any evidence that the current year fiscal budget was developed or approved by the Board of Directors. There was no comparison of the budget to the current financials so there was no review of any potential variances.

Finding No. 3: The Sun Trust bank account Black Swan, had a balance of \$1,279.74 as of April 30, 2020 and the FVF stopped doing business with Black swan in January of 2020.

BACKGROUND

The FVF was established by Florida Legislature as a direct support organization for the FDVA. The FVF assesses and assists in providing educational and outreach programs for Florida veterans with FDVA leadership. The FVF is funded through donations and grants from outside organizations. The prime initiative for the FVF is obtaining donations for assisting Florida veterans.

The FVF hired an independent CPA firm Richards, Mitchel, & Cross, P.A. to perform an annual audit and Exempt Business Tax Return as of June 2019 and they also hired MLS SafeSource Accounting Solutions to provide monthly financials, perform bank reconciliations, and handle Accounts Payable.

OBJECTIVES

The objectives of this audit were to ensure the financials were accurate, controls were in place to ensure financials were accurate, assets were properly safeguarded, and to prevent fraud. The audit aims to assist the foundation in assessing its organization wide internal controls.

SCOPE

The audit included the examination of various controls in place and financial transactions that occurred from July 2019 through March 2020. We also reviewed the audited annual statements and report of independent CPAs as of June 2019 and the monthly financial statements provided by MLS SafeSource Accounting Solutions on December 2019 and March 2020.

METHODOLOGY

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Office of Inspector General reviewed the overall controls at the FVF, interviewed appropriate staff and independent auditors compiling the monthly financial records at the FVF.

The audit is meant to provide management with an objective analysis of the establishment of internal controls and ensure financial records were appropriately stated. The audit report is not intended to be an assessment or performance evaluation of management.

FINDINGS AND RECOMMENDATIONS

Finding No. 1 – The President did an excellent job developing the Fiscal Policies and Procedures at the FVF but Internal Audit felt they could be approved upon.

Objective – To evaluate the Policies and Procedures to ensure assets properly safeguarded, financial records accurate, and that controls are established to prevent or detect fraud. (DONE)

Conclusion – Written Policies and Procedures for financials and internal controls were absent prior to, but completed during the Audit period in April 2020. (COMPLETED)

Supporting Evidence –The President at FVF developed fiscal Policies and Procedures in early April 2020. The Policies and Procedures were approved by the Board of Directors on April 9, 2020. Internal Audit felt the Policies and Procedures should be enhanced to better be in line with best business practices including:

- The Board of Directors should be approving the CPAs performing the annual audit and tax return.
- The Board of Directors should be approving the selection of third party vendors.
- The President at the FVF should review the performance of third party vendors with the Board of Directors.
- The fiscal budget should be reported and analyzed.
- The audited financial statements should be sent to the Auditor General, as stated in the by-laws.

Criteria – The Policies and Procedures should be part of best practices for internal controls in the organization.

Impact –There were no written Policies and Procedures and it made it very difficult for the newly appointed President to determine duties he should be following.

Recommendation No. 1.1:

Internal Audit made 12 enhancements to the Policies and Procedures. The President at FVF should review the enhancements and incorporate them in their fiscal Policies and Procedures. The Board of Directors should approve any changes made to the Policies and Procedures.

Management Response:

Concur

Do Not Concur

Management Narrative Response:

COMPLETED AND APPROVED BY THE BOARD OF DIRECTORS ON JULY 9, 2020.

Finding No. 2 – The fiscal budget for the current year was not available or provided to Internal Audit.

Objective – To compare the fiscal budget to the financials and ask questions on any major variances.

Conclusion – FVF did not have controls or procedures in place for budgeting functions.

Supporting Evidence – The current fiscal budget was not provided to internal audit.

Criteria – Budget procedures should be part of best practices for internal controls in the organization.

Impact – The fiscal budget was not compared to the current financials. Therefore, FVF did not know of any variance and were not able to research any variances to see if they could be resolved. Furthermore, a comparison of the budget was not reported to the board of directors.

Recommendation No. 2.1:

The President should review the fiscal budget to the financials to determine if there are any major variances. The variances should be researched to determine how they happened and if the FVF could do anything to resolve the major discrepancies. The fiscal budget should be approved by the board of directors and major variances should be reported to the board of directors on a bi-annual basis.

Recommendation No. 2.2:

FVF should add a this budgeting process to the fiscal Policies and Procedures.

Management Response:

Concur

Do Not Concur

Management Narrative Response:

COMPLETED AND APPROVED BY THE BOARD OF DIRECTORS JULY 9, 2020

Finding No. 3 – The Sun Trust bank account - Black Swan-3008 had a balance of \$1,279.74. The FVF stopped doing business with Black Swan back in January 2020.

Objective – To ensure bank accounts were up to date and properly balanced.

Conclusion – The Black Swan bank account should be closed due to non-use.

Supporting Evidence – The Sun Trust-Black Swan bank account had a balance of \$1,279.74 with the FVF ceasing business with Black Swan in January 2020.

Criteria – Closing unused accounts should be part of best practices for internal controls in the organization.

Impact – The bank account should be closed and the remaining funds returned to the rightful owner to prevent waste or mismanagement of funds. The closure of this account would also stop any potential banks fees from being assessed to the FVF.

Recommendation No. 4:

The Black Swan bank account at Sun Trust should be closed with the remaining funds being returned to the rightful owner.

Management Response:

Concur

Do Not Concur

Management Narrative Response:

**MERCHANT FEES RETURNED TO FOUNDATION.
ACCOUNT CLOSED JULY 10, 2020**

The Florida Department of Veterans' Affairs helps Florida veterans, their families and survivors to improve their health and economic well-being through quality benefits information, advocacy, education and long-term health services. Florida Statutes, Section 20.055, requires the Office of Inspector General to conduct audits and reviews of agency programs to assist agency management and staff in fulfilling this mission.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

Copies of this report may be obtained by telephone (727-518-3202 ext. 5620), in person, or by mail at Florida Department of Veterans' Affairs, 11351 Ulmerton Road, Suite 311-K, Largo, FL 33778-1630