



Item: AF: I-2e

## AUDIT AND FINANCE COMMITTEE

Thursday, April 19, 2012

**SUBJECT: REVIEW OF AUDITS: REPORT NO. 2012-142, STATE OF FLORIDA COMPLIANCE AND INTERNAL CONTROLS OVER FINANCIAL REPORTING AND FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133 FOR FISCAL YEAR ENDED JUNE 30, 2011.**

---

### PROPOSED COMMITTEE ACTION

None: for information only. The complete audit can be accessed on the Auditor General's website located at: [http://www.myflorida.com/audgen/pages/pdf\\_files/2012-142.pdf](http://www.myflorida.com/audgen/pages/pdf_files/2012-142.pdf)

### BACKGROUND INFORMATION

As a condition of receiving Federal funds, the U.S. Office of Management and Budget (OMB) requires an audit of the State's financial statements and major Federal awards programs as described in OMB Circular A-133. The audit of the State's financial statements, performed in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, culminates in an *Independent Auditor's Report* and a *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*.

Florida Atlantic University had no audit findings.

### IMPLEMENTATION PLAN/DATE

Not Applicable.

### FISCAL IMPLICATIONS

Not Applicable.

---

**Supporting Documentation:** Summary of Report No. 2012-142 and SSPAF for FAU for the Fiscal Year Ended June 30, 2011.

**Presented by:** Mr. Dennis J. Crudele, Senior Vice President-Financial Affairs

**Phone:** 561-297-3266

**STATE OF FLORIDA**

**COMPLIANCE AND INTERNAL CONTROLS OVER  
FINANCIAL REPORTING AND FEDERAL AWARDS**

---

In Accordance With OMB Circular A-133

For the Fiscal Year Ended  
June 30, 2011



The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Inquiries regarding financial statement-related findings should be addressed directly to Kathryn Walker, CPA, Audit Manager, by e-mail at [kathrynwalker@aud.state.fl.us](mailto:kathrynwalker@aud.state.fl.us) or by telephone at (850) 487-9085. Inquiries regarding Federal awards findings for State universities or colleges should be addressed directly to James R. Stultz, CPA, Audit Manager, by e-mail at [jmstultz@aud.state.fl.us](mailto:jmstultz@aud.state.fl.us), or by telephone at (850) 922-2263. Please address all other inquiries regarding this report to Lisa A. Norman, CPA, Audit Manager, by e-mail at [lisanorman@aud.state.fl.us](mailto:lisanorman@aud.state.fl.us) or by telephone at (850) 487-9143.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

STATE OF FLORIDA  
COMPLIANCE AND INTERNAL CONTROLS OVER  
FINANCIAL REPORTING AND FEDERAL AWARDS

TABLE OF CONTENTS

	PAGE NO.
EXECUTIVE SUMMARY .....	i
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	3
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION.....	9
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	
SUMMARY OF AUDIT RESULTS.....	11
LISTING OF MAJOR PROGRAMS.....	12
FINANCIAL STATEMENTS FINDINGS .....	13
FEDERAL FINDINGS AND QUESTIONED COSTS .....	21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	229
<b>EXHIBIT AND INDEXES</b>	
OTHER REPORTS.....	403
INDEX OF FINDINGS BY STATE AGENCY .....	405
INDEX OF FEDERAL FINDINGS BY STATE UNIVERSITIES AND COLLEGES .....	407
INDEX OF FEDERAL FINDINGS BY FEDERAL AGENCY AND COMPLIANCE REQUIREMENT .....	409

---

---

**EXECUTIVE SUMMARY**

---

---

**SUMMARY OF INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

The State of Florida's basic financial statements, as of and for the fiscal year ended June 30, 2011, were fairly presented in all material respects, in accordance with accounting principles generally accepted in the United States. Our report is included in the Florida Comprehensive Annual Financial Report for fiscal year ended June 30, 2011, issued by the Chief Financial Officer.

**SUMMARY OF INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****Internal Control Over Financial Reporting**

We noted the following matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses:

- The Agency for Health Care Administration did not record a receivable and deferred revenue to represent its claim on Federal financial resources related to incurred-but-not-reported (IBNR) Medicaid claims. (Finding No. FS 11-001)
- For claims payable, accounts payable and accrued liabilities, and expenditures, the Agency for Health Care Administration did not follow established fiscal year-end procedures requiring the accrual of expenditure amounts in accordance with generally accepted accounting principles. (Finding No. FS 11-002)

We consider the following deficiencies in internal control over financial reporting and its operation to be significant deficiencies:

- For receivable and related financial statement accounts, we found that the Agency for Health Care Administration did not properly accrue revenues in accordance with generally accepted accounting principles. (Finding No. FS 11-003)
- The Agency for Health Care Administration did not have a process in place to monitor compliance with Medicaid Program matching requirements. (Finding No. FS 11-004)

We noted additional matters that were reported to management but that we did not consider to be significant deficiencies.

- The Department of Financial Services did not, in all instances, identify and correctly record financial statement transactions for the Rehabilitation and Liquidation Trust Fund. (Finding No. FS 11-005)
- The Department of Education did not take into consideration the short-term portion of university auxiliary debt reported by the various colleges and universities when calculating the amount reported as advances to other entities. (Finding No. FS 11-006)

**Compliance**

The results of our tests disclosed an instance of noncompliance that is required to be reported by *Government Auditing Standards*. We found that the Agency for Health Care Administration had not documented that the State had met the matching requirements of the Medicaid Program. (Finding No. FS 11-004)

SUMMARY OF INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

State agencies, universities, and colleges administered approximately 615 Federal awards programs or program clusters during the 2010-11 fiscal year. Expenditures for the 36 major programs totaled \$38.5 billion, or approximately 94 percent of the total expenditures of \$41.1 billion, as reported on the supplementary Schedule of Expenditures of Federal Awards.

Compliance requirements for major programs are established in the OMB *Circular A-133 Compliance Supplement*. Types of compliance requirements include: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Matching, Level of Effort, Earmarking; Period of Availability of Federal Awards; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; and Special Tests and Provisions.

### Compliance

For the Special Education Cluster, we were unable to express and did not express an opinion on the Department of Education's compliance with the Matching, Level of Effort, Earmarking requirement because the Department of Education had not yet accumulated the information needed to demonstrate whether the State had met the State-level maintenance of effort requirement. (Finding No. FA 11-027)

The State of Florida complied, in all material respects, with the compliance requirements applicable to each of its other major Federal awards programs, except as described in the following instances, which resulted in opinion qualifications:

- The Department of Transportation did not always follow established procedures requiring the documentation of monitoring activities for the Highway Planning and Construction Cluster. (Finding No. FA 11-016)
- The Executive Office of the Governor did not document that weekly certified payrolls from subrecipients for the State Energy Program were received and reviewed for compliance with the Davis-Bacon Act. (Finding No. FA 11-019)
- The Department of Education did not maintain appropriate records to support the salaries and benefit amounts charged to the Vocational Rehabilitation Cluster. Additionally, the Department of Education did not always ensure that eligibility determinations were made within the time frame required by Program regulations. (Finding Nos. FA 11-030 and FA 11-031)
- The Department of Children and Family Services failed to timely impose Child Support Enforcement sanctions on uncooperative TANF (Temporary Assistance for Needy Families) recipients. (Finding No. FA 11-049)
- In several of the instances tested, the Department of Revenue did not timely establish support obligations or commence proceedings to establish support obligations and, if necessary, paternity for the Child Support Enforcement program. Additionally, for several of the interstate cases tested, the Department of Revenue did not provide required child support services within specified time frames. (Finding Nos. FA 11-052 and FA 11-053)
- The Agency for Health Care Administration had not documented that the State had met the matching requirements of the Medicaid Program and did not have a process in place to monitor compliance with matching requirements. Additionally, Agency for Health Care Administration procedures were not sufficient to ensure that Medicaid providers receiving payments had a current Medicaid provider agreement in effect. Also, the Agency did not always maintain Medicaid provider files containing applications, agreements, and other required documentation evidencing the provider's eligibility to participate in the Medicaid program. (Finding Nos. FA 11-069 and FA 11-070)

- The Department of Children and Family Services did not meet the maintenance of effort requirement for the Block Grants for the Prevention and Treatment of Substance Abuse Program. (Finding No. FA 11-075)

The results of our audit also disclosed other instances of noncompliance pertaining to programs administered by various State agencies, universities, and colleges as described in the SCHEDULE OF FINDINGS AND QUESTIONED COSTS. Some of the instances of noncompliance resulted in questioned costs subject to disallowance by the grantor agency.

#### Internal Control Over Compliance

We noted numerous matters at various State agencies, universities, and colleges involving internal control over compliance and its operation that we considered to be significant deficiencies. Significant deficiencies are described in the SCHEDULE OF FINDINGS AND QUESTIONED COSTS and pertained to several compliance requirements. The following significant deficiencies were considered material weaknesses:

- The Department of Community Affairs did not appropriately allocate salary and benefit costs charged to the Low-Income Home Energy Assistance Program, the State-Administered CDBG Cluster, and the Weatherization Assistance for Low-Income Persons Program. (Finding No. FA 11-005)
- The Department of Revenue's contract with a service provider for Unemployment Insurance did not include provisions requiring the provider to deliver an independent service auditor's report describing the provider's internal controls and opining on the effectiveness of those controls related to the collection of data for unemployment taxes. (Finding No. FA 11-010)
- The Division of Emergency Management did not appropriately allocate salary and benefit costs charged to the Disaster Grants and Hazard Mitigation Programs and the Homeland Security Cluster. Additionally, the Division of Emergency Management did not always maintain sufficient documentation to evidence during-the-award monitoring of subrecipients for the Homeland Security Cluster. (Finding Nos. FA 11-076 and FA 11-080)
- The instances described in the previous paragraphs on compliance for the Highway Planning and Construction Cluster (Finding No. FA 11-016); State Energy Program (Finding No. FA 11-019); Vocational Rehabilitation Cluster (Finding No. FA 11-030); and Medicaid Cluster (Finding Nos. FA 11-069 and FA 11-070) also involved material weaknesses in internal control.

#### SUMMARY OF INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

The State's supplementary Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the State's basic financial statements. The State's SEFA does not include the State's blended component units, Workforce Florida, Inc., and Scripps Florida Funding Corporation; discretely presented component units of the State's universities and colleges; or discretely presented component units other than the State's universities and colleges. Information on the SEFA is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

During the 2010-11 fiscal year, the State of Florida received and expended over \$6.6 billion in Federal funding provided pursuant to the ARRA. The United States Congress mandated additional reporting and transparency requirements to be met by recipients of ARRA funds, and the Federal Single Audit has been identified as one of the tools used to measure the degree of stewardship and accountability provided by the states for moneys provided under ARRA. Expenditures of ARRA funds are separately identified on the supplementary Schedule of Expenditures of Federal Awards. Programs that included ARRA funds, and for which findings are disclosed in the SCHEDULE OF FINDINGS AND QUESTIONED COSTS, are distinctively identified in the SCHEDULE OF FINDINGS AND QUESTIONED COSTS and the INDEX OF FEDERAL FINDINGS BY FEDERAL AGENCY AND COMPLIANCE REQUIREMENT.

### SCOPE

As a condition of receiving Federal funds, the U.S. Office of Management and Budget (OMB) requires, as described in OMB Circular A-133, an audit of the State's financial statements and major Federal awards programs. Pursuant to Section 11.45, Florida Statutes, we conducted an audit of the basic financial statements of the State of Florida as of and for the fiscal year ended June 30, 2011. We also subjected supplementary information contained in the State's Comprehensive Annual Financial Report and the State's Schedule of Expenditures of Federal Awards to auditing procedures applied in our audit of the basic financial statements. Additionally, we audited the State's compliance with governing requirements for the Federal awards programs or program clusters that we identified as major programs for the fiscal year ended June 30, 2011.

### OBJECTIVES

The objectives of our audit were:

- The expression of opinions concerning whether the State's basic financial statements were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.
- The expression of an opinion concerning whether the State's Schedule of Expenditures of Federal Awards is presented fairly, in all material respects, in relation to the State's basic financial statements taken as a whole.
- To obtain an understanding of the internal control over compliance for each major Federal program, assess the control risk, and perform tests of controls, unless the controls were deemed to be ineffective.
- The expression of opinions concerning whether the State complied, in all material respects, with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect applicable to each of the major Federal programs.

### METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133.

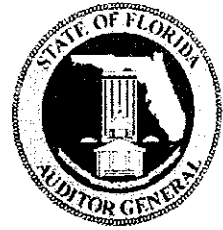




DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the fiscal year ended June 30, 2011, which collectively comprise the State of Florida's basic financial statements and have issued our report thereon dated January 25, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Prepaid College Program, Florida Turnpike System, Hurricane Catastrophe Fund, certain discretely presented component units, the Legislature, the College Savings Plan, and trust funds maintained by the State Board of Administration to account for the investments of the Florida Retirement System and the Public Employee Optional Retirement Program, as described in our report on the State of Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

Management of the State of Florida is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Florida's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the **FINANCIAL STATEMENTS FINDINGS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**, we identified

certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding Nos. FS 11-001 and FS 11-002 in the **FINANCIAL STATEMENTS FINDINGS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in finding Nos. FS 11-003 and FS 11-004 in the **FINANCIAL STATEMENTS FINDINGS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** to be significant deficiencies.

### **Compliance and Other Matters**

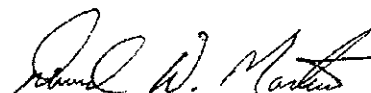
As part of obtaining reasonable assurance about whether the State of Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the **FINANCIAL STATEMENTS FINDINGS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as finding No. FS 11-004.

We also noted two additional matters involving the State's internal control over financial reporting, that we reported to management as finding Nos. FS 11-005 and FS 11-006 in the **FINANCIAL STATEMENTS FINDINGS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

State agency responses to each of the findings identified in our audit are included in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. We did not audit these responses and, accordingly, we express no opinion on them.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, the Executive Office of the Governor, and applicable management and is not intended to be used and should not be used by anyone other than these specified parties.

Respectfully submitted,



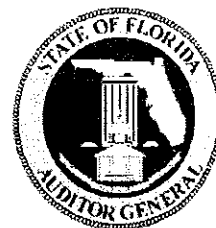
David W. Martin, CPA  
January 25, 2012



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Compliance

We have audited the State of Florida's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Florida's major Federal programs for the fiscal year ended June 30, 2011. The State of Florida's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the State of Florida's management. Our responsibility is to express an opinion on the State of Florida's compliance based on our audit.

The State of Florida's basic financial statements include the operations of component units that received Federal awards during the fiscal year ended June 30, 2011, that are not included in the State's supplementary Schedule of Expenditures of Federal Awards. Our audit of Federal awards, as described below, did not include the operations of the blended component units, Workforce Florida, Inc., and Scripps Florida Funding Corporation, or discretely presented component units of the State agencies, universities, and colleges. As applicable, Federal awards administered by these component units are the subjects of audits completed by other auditors. Our audit, as described below, also did not include the operations of the Legislature.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State of Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that

our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Florida's compliance with those requirements.

We were unable to obtain sufficient documentation supporting the compliance of the State of Florida with the Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391, and 84.392) regarding the Matching, Level of Effort, Earmarking compliance requirement (see finding No. FA 11-027 in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**), nor were we able to satisfy ourselves as to the State of Florida's compliance with this requirement by other auditing procedures.

As described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**, the State of Florida did not comply with the requirements listed below for the Federal programs listed below. Compliance with such requirements is necessary, in our opinion, for the State of Florida to comply with the requirements applicable to the respective Program.

Finding No. FA 11-	Major Program	Types of Compliance Requirements Not Complied With
016	Highway Construction and Planning Cluster (CFDA Nos. 20.205, 20.219, 20.933, and 23.003)	Subrecipient Monitoring
019	State Energy Program (CFDA No. 81.041)	Davis-Bacon Act
030	Vocational Rehabilitation Cluster (CFDA Nos. 84.126 and 84.390)	Allowable Costs/Cost Principles
031	Vocational Rehabilitation Cluster (CFDA Nos. 84.126 and 84.390)	Eligibility
049	TANF (Temporary Assistance for Needy Families) Cluster (CFDA Nos. 93.558, 93.714, and 93.716)	Special Tests and Provisions – Child Support Non-Cooperation
052	Child Support Enforcement (CFDA No. 93.563)	Special Tests and Provisions – Establishment of Paternity and Support Obligations
053	Child Support Enforcement (CFDA No. 93.563)	Special Tests and Provisions – Child Support Services for Interstate Cases
069	Medicaid Cluster (CFDA Nos. 93.720, 73.775, 93.776, 93.777, and 93.778)	Matching, Level of Effort, Earmarking
070	Medicaid Cluster (CFDA Nos. 93.720, 73.775, 93.776, 93.777, and 93.778)	Special Tests and Provisions – Provider Eligibility
075	Block Grants for Prevention and Treatment of Substance Abuse (CFDA No. 93.959)	Matching, Level of Effort, Earmarking

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State of Florida's compliance with the requirements of the Special Education Cluster regarding Matching, Level of Effort, Earmarking, and except for the noncompliance described in the preceding paragraph, the State of Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are

described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as finding Nos. FA 11-:

002	004 through 005	009	012 through 015
018	020 through 024	026	028 through 029
032	035	037	040 through 041
043	045 through 046	048	050 through 051
055 through 056	060 through 061	063	066 through 068
071	076	079	082 through 111
113 through 120			

### **Internal Control Over Compliance**

Management of the State of Florida is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the State of Florida's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Florida's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the following finding Nos. of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** to be material weaknesses.

Finding No.	Major Program	Compliance Requirement
FA 11-005	State-Administered CDBG Cluster (CFDA Nos. 14.228 and 14.255) Weatherization Assistance for Low-Income Persons (CFDA No. 81.042) Low-Income Home Energy Assistance (CFDA No. 93.568)	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
010	Unemployment Insurance (CFDA No. 17.225)	Reporting and Special Tests and Provisions – Employment Experience Rating
016	Highway Planning and Construction Cluster (CFDA Nos. 20.205, 20.219, 20.933, and 23.003)	Subrecipient Monitoring
019	State Energy Program (CFDA No. 81.041)	Davis-Bacon Act
030	Vocational Rehabilitation Cluster (CFDA Nos. 84.126 and 84.390)	Allowable Costs/Cost Principles
069	Medicaid Cluster (CFDA Nos. 93.720, 93.775, 93.776, 93.777, and 93.778)	Matching, Level of Effort, Earmarking
070	Medicaid Cluster (CFDA Nos. 93.720, 93.775, 93.776, 93.777, and 93.778)	Special Tests and Provisions – Provider Eligibility
076	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036) Hazard Mitigation Grant (CFDA No. 97.039) Homeland Security Cluster (CFDA Nos. 97.004 and 97.067)	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
080	Homeland Security Cluster (CFDA Nos. 97.004 and 97.067)	Subrecipient Monitoring

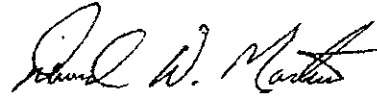
A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the following finding Nos. of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** to be significant deficiencies:

001 through 004	006 through 009	011 through 014	017
020 through 026	028 through 029	032 through 038	040 through 049
054 through 063	065 through 066	071 through 072	074
078 through 079	081 through 086	089 through 090	097 through 098
100	103 through 105	113 through 120	

The State agencies', universities', and colleges' responses to the findings identified in our audit are described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. We did not audit these responses and, accordingly, we express no opinion on the responses.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Executive Office of the Governor, applicable management, Workforce Florida, Inc., and Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David W. Martin". The signature is fluid and cursive, with the first name "David" and last name "Martin" clearly legible.

David W. Martin, CPA  
March 7, 2012

THIS PAGE INTENTIONALLY LEFT BLANK.

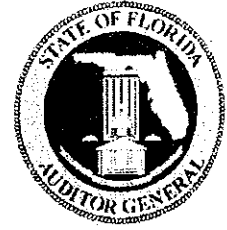




DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2011, and have issued our Independent Auditor's Report thereon dated January 25, 2012, which contained an unqualified opinion on those financial statements. Our report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Florida's basic financial statements.

The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,

David W. Martin, CPA  
January 25, 2012

THIS PAGE INTENTIONALLY LEFT BLANK.

---



---

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**


---



---

## SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued:

Unqualified on all opinion units

Internal control over financial reporting:

Material weakness identified? Yes

Significant deficiencies identified that are not considered  
to be material weaknesses? Yes

Noncompliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? Yes

Significant deficiencies identified that are not considered  
to be material weaknesses? Yes

Type of report the auditor issued on compliance for major programs:

Unqualified for all major programs, except for the following programs

which were qualified:

**Highway Planning and Construction Cluster (20.205, 20.219, 20.993,  
and 23.003)****State Energy Program (81.041)****Special Education Cluster (84.027, 84.173, 84.391, and 84.392)****Vocational Rehabilitation Cluster (84.126 and 84.390)****TANF (Temporary Assistance for Needy Families) Cluster  
(93.558, 93.714, and 93.716)****Child Support Enforcement (93.563)****Medicaid Cluster (93.720, 93.775, 93.776, 93.777, and 93.778)****Block Grants for Prevention and Treatment of Substance  
Abuse (93.959)**Any audit findings disclosed that are required to be reported  
in accordance with Section .510(a) of OMB Circular A-133? Yes

Dollar threshold used to distinguish between

Type A and Type B programs: \$61,642,324

Auditee qualified as low-risk auditee? No

**LISTING OF MAJOR PROGRAMS**  
**FISCAL YEAR ENDED JUNE 30, 2011**

<u>Name of Federal Program or Cluster (1) (3)</u>	<u>CFDA Number(s)</u>	<u>Total Expenditures</u>
SNAP Cluster (2)	10.551 & 10.561	\$ 5,151,759,523
Child Nutrition Cluster	10.553, 10.555, 10.556, & 10.559	911,346,122
Child and Adult Care Food Program	10.558	186,032,862
CDBG - State-Administered CDBG Cluster (2)	14.228 & 14.255	107,043,318
Employment Service Cluster (2)	17.207, 17.801, & 17.804	56,348,430
Unemployment Insurance (2)	17.225, 17.245, & 97.034	5,997,772,983
WIA Cluster (2)	17.258, 17.259, 17.260, 17.277, 17.278, 17.280, & 17.281	185,706,822
Highway Planning and Construction Cluster (2)	20.205, 20.219, 20.933, & 23.003	1,902,971,495
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants (2)	20.319	31,995,317
Capitalization Grants for Clean Water State Revolving Funds (2)	66.458	135,357,825
Capitalization Grants for Drinking Water State Revolving Funds (2)	66.468	67,460,974
State Energy Program (2)	81.041	27,381,977
Weatherization Assistance for Low-Income Persons (2)	81.042	71,409,441
Title I, Part A Cluster (2)	84.010 & 84.389	930,443,179
Special Education Cluster (IDEA) (2)	84.027, 84.173, 84.391, & 84.392	882,607,075
Federal Family Education Loans - Guaranty Agency	84.032	214,771,681
Career and Technical Education - Basic Grants to States	84.048	68,319,769
Vocational Rehabilitation Cluster (2)	84.126 & 84.390	161,557,664
Improving Teacher Quality State Grants	84.367	125,797,275
State Fiscal Stabilization Fund Cluster (2)	84.394 & 84.397	1,349,538,536
Education Jobs Fund (2)	84.410	514,983,404
TANF Cluster (2)	93.558, 93.714, & 93.716	470,529,061
Child Support Enforcement (2)	93.563	240,726,528
Refugee and Entrant Assistance - State Administered Programs	93.566	77,694,707
Low-Income Home Energy Assistance	93.568	112,784,299
CCDF Cluster (2)	93.575, 93.596, & 93.713	401,872,828
Social Services Block Grant	93.667	167,459,108
Medicaid Cluster (2)	93.720, 93.775, 93.776, 93.777, & 93.778	12,708,446,388
Children's Health Insurance Program	93.767	369,269,989
HIV Care Formula Grants	93.917	116,625,529
Block Grants for Prevention and Treatment of Substance Abuse	93.959	108,537,930
Homeland Security Cluster	97.004 & 97.067	59,929,986
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	129,355,766
Hazard Mitigation Grant	97.039	79,513,987
Student Financial Assistance Cluster (including CFDA No. 84.032 Lenders) (2)	(1)	3,630,381,468
Research and Development Cluster (2)	(1)	740,020,113
<b>Total</b>		<b>\$ 38,473,753,759</b>

Notes: (1) The Schedule of Expenditures of Federal Awards identifies the programs included within the respective clusters.

(2) These programs include ARRA funds expended during the 2010-11 fiscal year.

(3) Pursuant to the audit relief provisions of the OIG Single Audit Internal Control Pilot Project - Phase II, we replaced six low-risk Type A programs with three high-risk ARRA-funded Type B programs.

## FINANCIAL STATEMENTS FINDINGS

Our audit of the State of Florida's basic financial statements for the fiscal year ended June 30, 2011, disclosed certain matters that we communicated in the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. These findings are categorized in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that findings be categorized in a manner that discloses their significance. The categorizations established and defined by the standards are as follows:

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our audit also disclosed *additional matters*, which are issues that, in the auditor's opinion, should be reported, but which do not clearly fit in any of the above-noted designations.

***NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT  
ACCOUNTING POLICIES***

## ***NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES***

The Schedule of Expenditures of Federal Awards has been prepared in accordance with the United States Office of Management and Budget (OMB) Circular A-133 and presents Federal awards expended by the State of Florida. The Single Audit Act Amendments of 1996 (Public Law 104-156) and the OMB Circular A-133 define Federal awards as Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. Federal financial assistance is defined as assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance.

The following summary of the State of Florida's significant accounting policies and related information is presented to assist the reader in interpreting the Schedule of Expenditures of Federal Awards and should be viewed as an integral part of the accompanying schedule.

- **Reporting Entity**

The reporting entity for the purposes of the accompanying schedule is the State of Florida primary government (i.e., legislative agencies, the Governor and Cabinet, departments and agencies, including Volunteer Florida, commissions, boards of the Executive Branch, and various offices relating to the Judicial Branch), the State Universities (SU), and the State Community Colleges and Florida Colleges (SCC) exclusive of any component units of the State Universities and Community Colleges and Florida Colleges. Chapter 2011-142, Laws of Florida, reorganized the governmental structure of the State of Florida, effective July 1, 2011. The law created section 20.60, Florida Statutes, to form the Department of Economic Opportunity (DEO) and abolished the Agency for Workforce Innovation (AWI) and the Department of Community Affairs (DCA) by transferring many functions of AWI and DCA to DEO. Most notably, the unemployment insurance program previously administered by AWI was transferred to DEO as a result of the reorganization. These changes will be reflected in the Schedule of Expenditures of Federal Awards for the fiscal year ending June 30, 2012.

- **Catalog of Federal Domestic Assistance**

The Catalog of Federal Domestic Assistance is a government-wide compendium of individual Federal programs. A five-digit program identification number (CFDA No.) is assigned to each program included in the catalog. Those programs that have not been assigned a CFDA number by the Federal Government and those programs for which CFDA numbers could not be identified are listed as CFDA No. XX.UNK entitled "Other Federal Awards" and are on the accompanying schedule. Note 5 further identifies these awards by a required agency-specific identifier.

- **Expenditures**

The column on the accompanying schedule captioned "2010-2011 Expenditures" includes amounts using different bases of accounting. The reporting entities also include expenditures related to transfers received from other State Agencies, State Universities, State Community Colleges, and Florida Colleges in this column.

Amounts reported on the accompanying schedule consist of amounts expended from Federal programs by those entities determined in accordance with the accrual, modified accrual, and cash basis of accounting.

The State Agencies reported expenditures in accordance with the accrual, modified accrual, and cash basis of accounting except for amounts reported for the Unemployment Insurance (UI) Program (CFDA No. 17.225) and the Federal Family Education Loans (FFEL) Program (CFDA No. 84.032). Expenditures for the UI Program and payments to lenders under the FFEL Program are reported using the accrual basis of accounting.

Expenditures reported for the majority of State Universities consist of amounts expended from Federal programs by the applicable institutions determined in accordance with the modified accrual and cash basis of accounting. The New College of Florida and Florida Atlantic University reported expenditures on the accrual basis of accounting.

Expenditures reported for the majority of State Community Colleges and Florida Colleges consist of amounts expended in accordance with the modified accrual basis of accounting. Miami Dade College, Florida State College at Jacksonville, Tallahassee Community College, Seminole State College of Florida and Indian River State College reported expenditures on the accrual basis of accounting.

Appropriate adjustments have been made to the expenditures reported on the accompanying schedule to preclude reporting both the transfers of Federal awards pursuant to subrecipient relationships between the various State Agencies, State Universities, State Community Colleges, and Florida Colleges, and the subsequent expenditures.

- **Transfers to Subrecipients Column**

The column on the accompanying schedule captioned "2010-2011 Transfers to Subrecipients" represents the amounts transferred by the State Agencies, State Universities, State Community Colleges, and Florida Colleges to subrecipients that are not included in the State's Schedule of Expenditures of Federal Awards. The amounts in this column are also included in the column captioned "2010-2011 Expenditures". Transfers of federal awards between the State Agencies, State Universities, State Community Colleges, and Florida Colleges are not included in this column.

- **Administering Agency**

The agencies and institutions reported as the administering agencies on the accompanying schedule represent the entities that expended and/or administered the respective Federal awards programs.

- **American Recovery and Reinvestment Act of 2009 (ARRA)**

On February 13, 2009 Congress passed the American Recovery and Reinvestment Act of 2009 (Public Law 111-5)(Recovery Act). The Recovery Act's three main goals are to create and save jobs, jump-start economic activity and invest in long-term economic growth, and promote accountability and transparency in government spending.

To maximize the transparency and accountability of funds authorized under the Recovery Act, recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133 must separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards.

ARRA funds reported during the 2010-2011 Fiscal Year are included within the accompanying schedule. Expenditures reported on the accompanying schedule for ARRA awards totaled \$6,601,595,510.

- **Noncash Assistance**

The State participates in several Federal awards programs in which noncash benefits are provided through the State to eligible program participants. The programs that report noncash benefits [i.e., Supplemental Nutrition Assistance Program (CFDA No. 10.551), School Breakfast Program (CFDA No. 10.553), School Lunch Program (CFDA No. 10.555), Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557), Food Commodities (CFDA No. 10.569), Surplus Property (CFDA No. 39.003), Energy Efficiency and Conservation (CFDA No. 81.128), and Immunization Grants (CFDA No. 93.268)] are identified on the accompanying schedule by a (1) next to the applicable grantor/program. All programs identified with a (1) report 100% of their expenditures as noncash benefits with the exception of Immunization Grants (CFDA No. 93.268), Energy Efficiency and Conservation (81.128), School Breakfast Program (CFDA No. 10.553), School Lunch Program (CFDA No. 10.555) and Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557). The State distributed vaccine, through the Immunization Grants, valued at \$198 million during the 2010-2011 Fiscal Year. The State distributed noncash benefits in the amount of \$7,354 through the School Breakfast Program, \$70,036,299 through the School Lunch Program, \$234,974,179 through the Special Supplemental Nutrition Program for Women, Infants, and Children and \$1,789,413 through the Energy Efficiency and Conservation Block Grant Program. The State uses the Electronic Benefit Transfer system to issue Supplemental Nutrition Assistance Program benefits (CFDA No. 10.551) to eligible recipients.



# STATE OF FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SUBMITTED IN ACCORDANCE WITH  
OMB CIRCULAR A-133

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011

# STATE OF FLORIDA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SUBMITTED IN ACCORDANCE WITH  
OMB CIRCULAR A-133

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011

For additional copies, please contact:

Auditor General • G74 Claude Pepper Building • 111 West Madison Street • Tallahassee, Florida 32399-1450  
850-487-9175 • Fax: 850-488-6975 • [www.myflorida.com/audgen](http://www.myflorida.com/audgen)

STATE OF FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR 2010-11

**STATE AGENCIES**

Florida Agency for Health Care Administration (FAHCA).....	1
Florida Department of Children and Family Services (FDCFS) .....	7
Florida Department of Economic Opportunity (FDEO) .....	13
Florida Department of Education (FDOE) .....	19
Florida Department of Environmental Protection (FDEP).....	25
Florida Department of Health (FDOH).....	27
Florida Department of Revenue (FDOR).....	33
Florida Department of Transportation (FDOT) .....	39
Florida Division of Emergency Management (FDEM).....	41
Florida Office of State Courts Administrator (FOSCA) .....	45

**UNIVERSITIES**

Florida Agricultural and Mechanical University (FAMU) .....	47
Florida Atlantic University (FAU).....	49
Florida International University (FIU) .....	51
Florida State University (FSU).....	53
University of Central Florida (UCF) .....	55
University of Florida (UF).....	57
University of South Florida (USF) .....	59
University of West Florida (UWF).....	61

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FLORIDA ATLANTIC UNIVERSITY (FAU)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Paragraph/Finding No(s).i.f)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 10-107 FA 09-107 FA 06-104 FA 04-107	Research & Development (R&D) Cluster CFDA Nos. Various	Grants claiming CAS exemptions did not appear to qualify as unlike circumstances.	Fully Corrected	Recently FAU received a review of their DS2 submission, which listed the internal policies and procedures for handling of Federal awards, from USDHHS. In the review there were no comments related to the handling of CAS exemptions by FAU. Additionally, NSF took no exception to the corrective action proposed. During FY11 FAU had significantly reduced the amount of CAS exemptions to \$16,782. Combining the three statements above and the continuing effort by FAU to reduce and/or eliminate CAS exemptions, it would appear that FAU has enough support to clear the prior audit finding.

Note: (1) Paragraph/Finding No(s) refer to audit findings in report No. 2005-158 (FA 04-), report No. 2007-146 (FA 06-), report No. 2010-165 (FA 09-), or in report No. 2011-167 (FA 10-).

Name and Title of Responsible Official: Signed by: Dennis Crudele 11/03/2011  
Dennis Crudele, Senior Vice President for Financial Affairs