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January 30, 2023

NEW VARIETIES DEVELOPMENT AND MANAGEMENT CORPORATION (NVDMC) AUDIT

To: Steve Johnson, Chairman, Florida Citrus Commission
Shannon R. Shepp, Executive Director, Florida Department of Citrus (FDOC)
Christine Marion, Deputy Executive Director/Chief Financial Officer, FDOC
Dr. Rosa Walsh, Director of Scientific Research, FDOC
J. Peter Chaires, Executive Director, NVDMC

Cc: Florida Citrus Commission (FCC)
Melinda Miguel, Chief Inspector General
Sherrill F. Norman, Auditor General

EXECUTIVE SUMMARY

This audit was scheduled as part of the Inspector General's FY2022-2023 annual audit plan. This audit was conducted for the period July 1, 2019, through June 30, 2022 (contracts 19-09, 20-09, and 21-01). The objectives of the audit were to ensure compliance with FDOC and State of Florida policies and procedures regarding contracts, review contract manager activities to verify that deliverables were received, comply with contractual requirements, and are accessible for follow up audit, and test the internal controls as it relates to FDOC programs.

This audit applied standards contained in the *International Standards for the Professional Practice of Internal Auditing,* published by the Institute of Internal Auditors.

There was one finding for this audit.

Finding #1: The FCC Meeting Minutes documenting the approval of contracts 19-09, 20-09 and 21-01 by the FCC each contained errors. For the June 19, 2019 Minutes, the contract number and dates were incorrect. For the June 17, 2020 Minutes, the contract number was incorrect. For the August 24, 2021 Minutes, the dates were incorrect. Presentation support from the applicable FCC meetings was provided and reviewed as evidence the FCC voted on and approved the correct contract and terms at the time they were presented.

Recommendations and responses from FDOC management are included in the Audit Results section of this report. A follow-up on the status of action taken to address the recommendations will be conducted to comply with audit standards.

This report is intended for the information and use of the FCC, FDOC and industry stakeholders.

Thank you for the assistance and cooperation provided during the audit.

Garrett Pearn, CIA, CIG
Inspector General

BACKGROUND

NVDMC is a private, not for profit corporation established by the Florida citrus packers, growers, and other citrus industry representatives to provide Florida citrus growers timely and affordable access to proprietary citrus varieties by supporting new citrus variety development and licensing activities. The Executive Director for NVDMC is J. Peter Chaires. The NVDMC has a board of directors appointed by the Florida Citrus Packers, Florida Citrus Mutual, Indian River Citrus League, Florida Citrus Production Managers Association, Budwood Technical Advisory Committee, Gulf Citrus Growers Association, the Florida Nursery, Growers and Landscape Association's Citrus Nursery Division.

The FDOC entered single source contracts with NVDMC that were presented to and approved by the FCC as follows:

NVDMC Contracts for Audit Period				
Contract #	Fiscar Year	Amount	Source of Funds	Approved by FCC
19-09	2019-2020	$ 650,000.00	General Revenue	6/19/2019
20-09	2020-2021	$ 650,000.00	General Revenue	6/17/2020
21-01	2021-2022	$ 500,000.00	General Revenue	8/24/2021

NVDMC submitted annual budgets for each contract. The budgets were detailed by expense category and expenditures for budgeted items were updated with monthly invoice submissions to the FDOC.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to ensure compliance with FDOC and State of Florida policies and procedures regarding contracts, review of contract manager activities to verify that deliverables were received, comply with contractual requirements, and are accessible for follow up audit, and test the internal controls as it relates to FDOC programs.

To achieve these objectives, FDOC staff members and NVDMC Executive Director Chaires provided information and documentation. Key controls were identified, and documentation related to the contracts was tested for compliance with FDOC fiscal policies and assurance that key controls were followed. All monthly invoice submissions were reviewed to ensure proper support and that the budgeted amounts were not exceeded for any line item. In addition, a sample of payments from NVDMC to their contracted vendors were validated.

This audit applied standards contained in the *International Standards for the Professional Practice of Internal Auditing,* published by the Institute of Internal Auditors. The Standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. A review of the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

AUDIT RESULTS

Except for the finding below, the FDOC and NVDMC established and maintained adequate internal controls which were relied upon to meet the audit objectives, including those to monitor and document the status of contract deliverables. The budgeted amounts were not exceeded for any contract and payments were sufficiently supported.

Finding #1: The FCC Meeting Minutes documenting the approval of contracts 19-09, 20-09 and 21-01 by the FCC each contained errors. For the June 19, 2019 Minutes, the contract number and dates were incorrect. For the June 17, 2020 Minutes, the contract number was incorrect. For the August 24, 2021 Minutes, the dates were incorrect. Presentation support from the applicable FCC meetings was provided and reviewed as evidence the FCC voted on and approved the correct contract and terms at the time they were presented.

Recommendation #1: IG recommends a detailed review of Meeting Minutes be performed by a senior FDOC staff member, independent of the staff member who prepared the minutes. For example, if the Legal Assistant prepares the minutes, General Counsel should perform the review. If General Counsel prepares the minutes, the Deputy Executive Director should perform the review. The reviewer should sign and date a copy of the Meeting Minutes upon completion as evidence of the review.

FDOC Response: Management agrees with this finding. The minutes from FCC meetings held on June 19, 2019, June 17, 2020, and August 24, 2021, were corrected, and approved by the commission on December 21, 2022. A review process has been adopted for future FCC meeting minutes, as recommended by the Inspector General.