

AUDIT OF PACE CENTER FOR GIRLS, INC.
REPORT NUMBER A-1213DJJ-008
June 12, 2013

BY
THE OFFICE OF THE INSPECTOR GENERAL
BUREAU OF INTERNAL AUDIT

Robert A. Munson
Inspector General

Michael Yu, CIA, CIG
Director of Auditing

Roosevelt Brooks, CPA, CIA
Auditor In Charge

Wansley Walters, Secretary

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**STATE OF FLORIDA
DEPARTMENT OF JUVENILE JUSTICE**

MEMORANDUM

DATE: June 12, 2013

TO: Mary Marx, President & Chief Executive Officer
Theresa Giles, Chief Business Officer

FROM: Robert A. Munson, Inspector General 

SUBJECT: Final Report - Audit No. A-1213DJJ-008, Financial Compliance Audit of Practical and Cultural Education (PACE) Center For Girls, Inc.

I have enclosed a copy of the final audit report, *Financial Compliance Audit of PACE*, prepared by the Bureau of Internal Audit.

We would like to thank employees at PACE for their professionalism and the assistance extended to our staff during the audit process. Please feel free to contact Michael Yu, Audit Director, at 850-717-2468, if you have any questions.

RM/rb

Attachment

Cc: Wansley Waters, Secretary
Christy Daly, Deputy Secretary
Wanda Finnie, Assistant Secretary
Alex Kelly, Chief of Staff
Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor
David W. Martin, CPA, Auditor General
Kathy DuBose, Director, Legislative Auditing Committee

2737 Centerview Drive • Tallahassee, Florida 32399-3100 • (850) 488-1850

Rick Scott, Governor

Wansley Walters, Secretary

The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.

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**Office of Inspector General
Bureau of Internal Audit
Audit No. A-1213DJJ-008
Audit of Pace Center For Girls, Inc.**

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EXECUTIVE SUMMARY

The Department of Juvenile Justice (Department), Office of the Inspector General (OIG), Bureau of Internal Audit (BIA) has performed an audit of PACE (Practical Academic Cultural Education) Center for Girls, Inc., (PACE). This was a financial compliance audit conducted at PACE's Central Office located at One West Adams Street, Suite 301, Jacksonville, Florida. PACE provides prevention services for girls via seventeen alternative centers throughout the State of Florida and performs all accounting, financial, legal and human resource functions for all locally operated PACE programs and its administrative office.

In fiscal years 2011 and 2012, the Department provided funding for PACE in the amount of \$10,957,031 and \$11,221,136, respectively, to assist the organization in providing prevention services to girls. The Department's funding represented approximately 46% of PACE's total funding received for fiscal years 2011 and 2012.¹

The audit objectives were to determine whether: 1) Funds provided by the Department are expended in accordance with Florida Statutes and Contract between the Department and PACE (Contract #1451); and, 2) Internal controls are in place to ensure funds are expended properly. The audit scope included expenditures by PACE during the period July 1, 2011 through January 31, 2013, and related activities through the end of field work.

The audit disclosed that, in our opinion, PACE complied in all material respects, with requisite statutes, rules, regulations, and Contract #1451 and had adequate controls in place to ensure funds were expended properly. However, we noted areas for improvements pertaining to the following:

- Current policies and procedures do not reflect changes in PACE's organizational structure; and,
- Policies and procedures, and chart of accounts coding pertaining to non-expendable tangible personal property need to be updated to comply with contract terms and conditions for property purchased with operational expense dollars.

¹ This information was obtained from PACE's Independent Audit Report ended June 30, 2012 with comparative totals for 2011.

Audit of PACE Center for Girls, Inc.
Audit # A-1213DJJ-008
May 13, 2013

INTRODUCTION

The Department of Juvenile Justice (Department), Office of the Inspector General (OIG), Bureau of Internal Audit (BIA) has conducted a financial compliance audit of PACE Center for Girls, Inc. (PACE). The audit was initiated based on the 2012-2013 audit plan and conducted in accordance with *Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors.*

Background

PACE, located at One West Adams Street, Suite 301, Jacksonville, Florida, is a private not-for-profit organization incorporated under the laws of the State of Florida. PACE provides prevention and early intervention services to girls and young women between 11 and 17 years of age. PACE was established to provide girls and young women with an opportunity for a better future through education, counseling, training and advocacy. Through these services, girls will be diverted from initial contact with the Department or diverted from further contact with the Department.

PACE operates alternative centers throughout the state in the following counties: Alachua, Broward, Collier, Escambia, Santa Rosa, Hillsborough, Duval, Lee, Leon, Manatee, Marion, Orange, Palm Beach Pasco, Pinellas, Polk, St. Lucie, Volusia, and Flagler. Girls live at home and attend the program during the day. The program includes a gender-specific curriculum that teaches life management skills and provides therapeutic support services, opportunities to participate in student volunteer service projects, and transition follow-up services. PACE performs all accounting, financial, legal and human resource functions for all locally operated PACE programs and its administrative office.

In fiscal years 2011 and 2012, the Department provided funding for PACE in the amount of \$10,957,031 and \$11,221,136, respectively, to assist the organization in providing prevention services to girls. The Department's funding represented approximately 46% of PACE's total funding received for fiscal years ending June 30, 2011 and 2012.²

PACE expended Department funds in the following cost categories during fiscal year 2012:

² This information was obtained from PACE's Independent Audit Report ended June 30, 2012 with comparative totals for 2011.

**PACE CENTER FOR GIRLS, INC.
SUMMARY MANAGEMENT REPORT
STATEMENT OF FUNCTIONAL EXPENSES
JULY 1, THROUGH JUNE 30, 2012³**

COST CATEGORIES	EXPENSES	% OF TOTAL
Personnel	\$ 6,164,648.00	54.62%
Occupancy	2,109,291.00	18.69%
Equipment	223,474.00	1.98%
Vehicle Expenses	160,571.00	1.42%
Insurance	141,663.00	1.26%
Professional Fees	42,392.00	0.38%
Materials & Supplies	153,379.00	1.36%
Board Expenses	1,388.00	0.01%
Outreach and Community Engagement	5,764.00	0.05%
Student Costs	291,976.00	2.59%
Program Travel	101,154.00	0.90%
Special Events	327.00	0.00%
Other Operation Costs	1,333,029.00	11.81%
Administrative Fees	558,172.00	4.95%
Total Expenses	\$ 11,287,228.00	100%

Objectives, Scope, and Methodology

The purpose of this audit was to ascertain that PACE complied with requisite laws and regulations and properly accounted for financial activity arising from its use of funds received from the Department. The audit objectives were to determine whether:

- funds are expended in accordance with Florida Statutes, and Contract #1451; and,
- internal controls are in place to ensure funds are expended properly.

The audit scope included expenditures by PACE during, the period July 1, 2011, through January 31, 2013, and related activities through the end of field work.

³ The percent calculation number is based on information obtained from PACE.

To achieve the audit objectives, we:

- reviewed applicable statutes, laws, rules, and Contract #1451 between PACE and the Department;
- reviewed eligibility requirements for ten youth participating in PACE programs;
- reviewed the Department of Financial Services' Reference Guide For State Expenditures;
- reviewed board bylaws, board member resumes and selected personnel files of administrators which included performance evaluations;
- reviewed written policies and procedures pertaining to accounting for financial transactions, travel, purchasing, property, and credit cards;
- reviewed bank reconciliation for the month ending January 31, 2013;
- reviewed Form 941: employer's Quarterly Federal Tax Return (Quarters 3 and 4) for the calendar year 2012;
- reviewed PACE's Independent Auditors' Report For Fiscal Years 2011 and 2012;
- reviewed Internal Revenue Services Form 990-Return of Organization Exempt From Income Tax;
- reviewed PACE's organizational chart; and,
- selected and reviewed expenditures from detail ledgers (July 2012, September 2012, and December 2012).

RESULTS OF AUDIT

The audit disclosed that, in our opinion, PACE complied in all material respects, with requisite statutes, rules, regulations, Contract #1451 and had adequate controls in place to ensure funds were expended properly. However, we noted areas for improvements pertaining to the following:

A. Finance Policies and Procedures

Policies are principles, rules, and guidelines adopted by an entity to ensure that it reaches its goal and objectives. Policies and procedures should be designed to influence and guide decisions pertaining to daily operations.

PACE's Finance Policies and Procedures was last updated December 01, 2009. We compared staff roles and responsibilities of key employees outlined in policies and procedures to PACE's most recent organizational chart.

The policies and procedures noted positions for finance director and chief operating officer; however, the current organizational chart denotes a Chief Business Officer; the organizational chart does not include a Chief Operations Officer. We noted no material

impact on operations pertaining to PACE not updating its policies and procedures to reflect its revised organizational structure.

We recommend PACE update its policies and procedures to reflect changes to its organizational structure. PACE indicated it is in the process of updating its policies and procedures.

B. Recording of Tangible Personal Property

Pursuant to Chapter 69I-72, Florida Administrative Code and Contract #1451, all tangible personal property with a value or cost of **\$1,000 or more** and having a projected useful life of one year or more shall be recorded in the state's financial system as property for inventory purposes.

PACE's policies and procedures, and chart of accounts coding pertaining to non-expendable tangible personal property require recording personal property **greater** than \$1,000. Although not material, this recording of tangible personal property differs from the recording requirement of state rules and contract.

We recommend that PACE updates its policies and procedures and chart of accounts to comply with the state of Florida and the Department's criteria for recording property for inventory purposes that is charged to operational expense dollars received from the Department.

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APPENDIX:

MANAGEMENT RESPONSE



June 11, 2013

Robert A. Munson, Inspector General
2737 Centerview Drive
Tallahassee, FL 32399

Dear Mr. Munson:

We are in receipt of the Draft Report-Audit No. A-1213DJJ-088, Financial Compliance Audit of Pace Center For Girls, Inc. received on May 13, 2013.

This is to formally note that we are in agreement with the recommendations stated in the report.

If you have any questions or need further information, please contact me at Theresa.giles@pacecenter.org or by phone at 904-253-6219.

Sincerely,

A handwritten signature in blue ink, appearing to read "Theresa C. Giles", written over a horizontal line.

Theresa C Giles
Chief Business Officer