

SANTA ROSA COUNTY, FLORIDA

SINGLE AUDIT REPORT

SEPTEMBER 30, 2022

**SANTA ROSA COUNTY, FLORIDA
SINGLE AUDIT REPORT
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Board of County Commissioners
Santa Rosa County, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Santa Rosa County, Florida's (hereinafter referred to as "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2022. The County's major federal programs and state projects are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Department of Financial Services *State Projects Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Rosa County, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 25, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purpose of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 and State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Arceeth, LLC

Pensacola, Florida
April 25, 2023

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Escambia County Consortium Home Investment Partnerships Program	14.239	M-14-DC-12-0225	\$ 209,038	\$ -
<u>U.S. Department of Agriculture</u>				
Passed Through Natural Resources Conservation Service Florida Natural Resource Damage Assessment and Restoration	15.658	N1220CPT0011021	25,436	-
<u>U.S. Department of Justice</u>				
Passed Through Florida Office of the Attorney General Crime Victim Assistance	16.575	VOCA-2021-SRCSO-00604	158,140	-
Passed Through Florida Department of Children and Families Violence Against Women Formula Grants FCADV	16.588	LN096	5,005	-
Direct Program Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01325-JAGX	18,166	-
Passed Through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant Program	16.738	2021-JAGC-SANT-1-3B-033	34,087	-
			52,253	-
Support for Adam Walsh Act Implementation Grant Program	16.750	2020-AW-BX-0040	72,492	-
Equitable Sharing Program	16.922	N/A	79,900	-
<u>U.S. Department of Transportation Federal Aviation Administration</u>				
Direct Program Airport Improvement Program	20.106	3-12-0052-018-2021	1,049,306	-
COVID-19 Airport Improvement Program	20.106	3-12-0052-019-2022	3,165	-
Airport Improvement Program	20.106	3-12-0052-020-2022	68,370	-
			1,120,841	-
<u>U.S. Department of Transportation</u>				
Passed Through Florida Department of Transportation Highway Planning and Construction	20.205	G2231	281,627	-
Highway Planning and Construction	20.205	G1S64	581,955	-
Total Highway Planning and Construction Cluster			863,582	-
Passed Through Florida Department of Transportation Formula Grants for Rural Areas	20.509	G1M17	346,776	346,776
Passed Through Florida Department of Transportation State and Community Highway Safety	20.600	SC-2022-00002	49,966	-
Total Highway Safety Cluster			49,966	-
<u>U.S. Department of the Treasury</u>				
Direct Program RESTORE Act	21.015	1 RDCGR210076-01-00	201,463	201,463
RESTORE Act	21.015	1 RDCGR210100-01-00	145,080	145,080
RESTORE Act	21.015	1 RDCGR210104-01-00	75,482	75,482
			422,025	422,025
Direct Program COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-1712	1,018,372	-

(Continued)

The accompanying notes are an integral part of this schedule.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Environmental Protection Agency (EPA)</u>				
Direct Program				
Gulf of Mexico Program	66.475	02D19622	\$ 374,556	\$ 374,556
Gulf of Mexico Program	66.475	RDCGR210124	1,338	1,338
			<u>375,894</u>	<u>375,894</u>
<u>Gulf Ecosystem Restoration Council</u>				
Passed Through Florida Department of Environmental Protection Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	GNTSP20FL0088	57,417	57,417
<u>U.S. Election Assistance Commission</u>				
Passed Through Florida Department of State COVID-19 Help America Vote Act Election Security Grants	90.404	MOA#2021-001-SAN	17,093	-
<u>U.S. Department of Health and Human Services</u>				
Passed Through Florida Department of Revenue Child Support Enforcement Program	93.563	COC57	141,497	-
Child Support Enforcement Program	93.563	CSU57	9,519	-
			<u>151,016</u>	<u>-</u>
<u>Executive Office of the President</u>				
Passed Through Office of National Drug Policy High Intensity Drug Trafficking Areas Program	95.001	G21GC0007A	118,995	91,280
<u>U.S. Department of Homeland Security</u>				
Passed Through Florida Division of Emergency Management Disaster Grants - Public Assistance SALLY	97.036	Z2563	2,251,354	-
Disaster Grants - Public Assistance SALLY	97.036	PA-4564	18,835	-
			<u>2,270,189</u>	<u>-</u>
Passed Through Volunteer Florida Emergency Management Performance Grant	97.042	G0215	13,926	-
Emergency Management Performance Grant	97.042	G0225	59,857	-
Emergency Management Performance Grant	97.042	CC22-002	7,173	-
			<u>80,956</u>	<u>-</u>
Passed Through Florida Division of Emergency Management Homeland Security Grant Program	97.046	D0045	9,594	-
Passed Through Florida Division of Emergency Management Homeland Security Grant Program	97.067	R0038	11,533	-
Homeland Security Grant Program	97.067	R0199	79,200	-
Homeland Security Grant Program	97.067	R0432	37,330	-
Homeland Security Grant Program	97.067	R0203	26,839	-
Homeland Security Grant Program	97.067	R0468	38,799	-
			<u>193,701</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 7,698,681</u>	<u>\$ 1,293,392</u>

(Continued)

The accompanying notes are an integral part of this schedule.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>State Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Florida Division of Emergency Management</u>				
Emergency Management Programs	31.063	A0169	\$ 105,208	\$ -
Emergency Management Programs	31.063	A0262	23,330	-
			<u>128,538</u>	<u>-</u>
Emergency Management Projects - Hazards Analysis	31.067	T0164	9,006	-
Emergency Management Projects - Hazards Analysis	31.067	T0215	2,906	-
			<u>11,912</u>	<u>-</u>
<u>Florida Department of Environmental Protection</u>				
Florida Water Estuary Program Projects	37.110	FY2022-01	16,567	-
<u>Florida Department of Economic Opportunity</u>				
Division of Housing and Community Development	40.038	HL139	46,716	-
Economic Development Partnerships	40.040	S0182	42,000	-
<u>Florida Housing Finance Corporation</u>				
State Housing Initiative Partnership Program	40.901	N/A	1,426,065	-
<u>Florida Department of Agriculture and Consumer Services</u>				
Mosquito Control	42.003	28470	38,025	-
<u>Florida Department of State</u>				
State Aid to Libraries	45.030	21-ST-74	45,598	-
<u>Florida Department of Transportation</u>				
Transportation Regional Incentive Program (TRIP)	55.026	G1U28	88,726	-
<u>Florida Department of Health</u>				
County Grant Awards	64.005	C0055	21,063	-
<u>Florida Department of Law Enforcement</u>				
Florida Incident Based Reporting System	71.043	2021-FBSFA-F2-038	34,492	-
District One Medical Examiners Facility Planning and Design	71.051	8K003	248,840	-
<u>Florida Department of Management Services</u>				
E911 State Grant Program	72.002	S17-21-02-32	221,120	-
E911 State Grant Program	72.002	S17-21-02-31	83,148	-
E911 State Grant Program	72.002	S19-21-08-02	222,804	-
			<u>527,072</u>	<u>-</u>
Prepaid Next Generation 911 (NG911) State Grant Program	72.003	S20-21-12-15	267,142	-
Prepaid Next Generation 911 (NG911) State Grant Program	72.003	S17-21-02-67	96,423	-
			<u>363,565</u>	<u>-</u>
<u>Florida Fish and Wildlife Conservation Commission</u>				
Derelict Vessel Removal	77.005	FWC-POC04FEA	26,600	-
TOTAL STATE AWARDS			<u>\$ 3,065,779</u>	<u>\$ -</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 10,764,460</u>	<u>\$ 1,293,392</u>

The accompanying notes are an integral part of this schedule.

SANTA ROSA COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal and state grant activity of Santa Rosa County, Florida, under programs of the federal and state government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Chapter 69I-5, State Financial Assistance, Rules of the Department of Financial Services, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 69I-5, State Financial Assistance, Rules of the Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Santa Rosa County, Florida, elected to utilize the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. EXPENDITURES INCURRED IN PRIOR FISCAL YEAR

Total Federal Assistance Listing No. 97.036 expenditures of \$2,270,189 were incurred in a prior fiscal year and obligated by FEMA in the current fiscal year.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A. SUMMARY OF AUDITOR RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified Opinion
Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? yes none reported
Noncompliance material to financial statements
noted? yes no

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency (ies) identified that are
not considered to be material weakness(es)? yes none reported
Type of auditors' report issued on compliance
for major programs: Unmodified opinion
Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance or Chapter 10.550, *Rules of
the Auditor General*? yes no

IDENTIFICATION OF MAJOR PROGRAMS

Federal Programs

Federal Assistance Listing No. 20.106 Airport Improvement Program
Federal Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Assistance Listing No. 97.036 Disaster Grant – Public Assistance

Dollar threshold used to distinguish
between type A and type B programs: \$750,000
Auditee qualified as low-risk auditee? yes no

SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. SUMMARY OF AUDITOR RESULTS – CONTINUED

State Projects

State Assistance Listing No. 40.901 State Housing Initiative Partnership Program
State Assistance Listing No. 72.003 Prepaid Next Generation 911 (NG911) State Grant

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

B. FINANCIAL STATEMENT FINDING

Finding required to be reported in accordance with *Government Auditing Standards*:

FINDING 2022-001 GRANT REVENUE RECOGNITION (RECURRING) – MATERIAL WEAKNESS

Criteria

The County's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a material misstatement on a timely basis. Pursuant to GASB Statement No. 33, recipients of expenditure-driven grants should recognize revenue as qualifying expenditures are incurred.

Condition

Supporting documentation for grant revenues and expenditures did not reconcile to the accounting records and to the Schedule of Expenditures of Financial Awards (SEFA).

Cause

Reconciliation of grant activities for financial reporting purposes was not prepared and reviewed on a timely basis by appropriately experienced and trained personnel. While the County has a written policy for grant administration activities, that policy does not provide the guidance necessary to facilitate financial reporting of grant activities in accordance with U.S. general accepted accounting procedures as well as preparation of the SEFA required by the Uniform Guidance.

Effect

Adjustments were required to properly reconcile grant activity for financial reporting purposes and to prepare the SEFA.

Recommendation

Management should review grant policies and procedures with key personnel to ensure the process for estimating the year-end grant accrual balance allows for matching grant revenues with related qualifying expenditures. These policies should reflect who is responsible for preparing and reviewing the reconciling schedule of grant activities for financial reporting purposes as well as preparation of the SEFA.

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

B. FINANCIAL STATEMENT FINDING – CONTINUED

Views of Responsible Officials

We agree with the finding and the recommended procedures will be implemented. In addition, the Finance Director will train the Grants and Special Programs Director on preparation of the SEFA.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM

There were no findings, which were required to be reported in accordance with the Uniform Guidance.

D. FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE

There were no findings, which were required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*.



DONALD C. SPENCER
CLERK OF THE CIRCUIT COURT & COMPTROLLER
SANTA ROSA COUNTY, FLORIDA

Clerk of the County Court & Comptroller
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

6495 Caroline Street
Milton, Florida 32570
P O BOX 472
Milton, Florida 32572
Telephone: (850) 983-1975
Fax: (850) 983-1986
www.santarosaclerk.com

**SANTA ROSA COUNTY, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

SCHEDULE OF PRIOR YEAR FINDINGS

FINDING 2021-001 GRANT REVENUE RECOGNITION

Condition

During 2021 audit procedures, it was determined the grant receivables in the County's Road and Bridge Fund were overstated by \$2.6 million and revenue was overstated by \$1.5 million for the year ended September 30, 2021. The revenue and related receivable were initially overstated by \$1.1 million in the year ended September 30, 2020, financial statements and a prior period adjustment of \$1.1 million was recorded to reflect the correction of overstatement during the year ended September 30, 2021.

Current Status

A similar finding was noted during the 2022 audit procedures. See Finding 2022-001.



DONALD C. SPENCER
CLERK OF THE CIRCUIT COURT & COMPTROLLER
SANTA ROSA COUNTY, FLORIDA

Clerk of the County Court & Comptroller
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

6495 Caroline Street
Milton, Florida 32570
P O BOX 472
Milton, Florida 32572
Telephone: (850) 983-1975
Fax: (850) 983-1986
www.santarosaclerk.com

**SANTA ROSA COUNTY, FLORIDA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

The County respectfully submits the following corrective action plan for the year ended September 30, 2022.

Name and address of independent public accounting firm:

Warren Averett, LLC
350 W Cedar Street, Suite 400
Pensacola, Florida 32502

The finding from the schedule of findings and questioned costs for the year ended September 30, 2022, is discussed below. The finding is numbered consistently with the number assigned in the schedule of findings and questioned costs.

Name of Contact Person for Completing Corrective Action Plan:

Robert Miller, Senior Accountant
(850) 983-1963
millerr@santarosaclerks.com

Expected date of completion is September 30, 2023.

FINDING 2022-001 GRANT REVENUE RECOGNITION (RECURRING)

Management's Response

In order to prevent this from happening in the future, policies and procedures surrounding the grant revenue accrual process will be reviewed by all grant and accounting personnel. In addition, there will be additional focus on recording and monitoring year end grant accruals as well as redesigning the process to make it easier to reconcile accruals and detect any errors on a more timely basis.