

**Audit of Agreement MY-0612 with  
National and State Park Concessions  
Jonathan Dickinson, Inc. at  
Jonathan Dickinson State Park**

**Division of Recreation and Parks**

**Report: A-1920DEP-007**

**Office of Inspector General**

**Internal Audit Section**

**Florida Department of Environmental Protection**

**December 4, 2019**

3900 Commonwealth Boulevard, MS 40  
Tallahassee, Florida 32399-3000

<https://floridadep.gov/>





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State Park Concessions Jonathan Dickinson, Inc.  
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The Office of Inspector General (OIG) conducted an audit of Agreement MY-0612 (Agreement) between the Department of Environmental Protection (Department), Division of Recreation and Parks (Division), and National and State Park Concessions Jonathan Dickinson, Inc. (Concessionaire) at Jonathan Dickinson State Park (Park). This audit was initiated as a result of the Fiscal Year (FY) 2019-2020 Annual Audit Plan.

## **Scope and Objectives**

The scope of this audit included financial records and Agreement activities during the period January 1, 2018, through May 31, 2019, as well as current activities and records as necessary. The objectives were to:

- determine the accuracy of reported gross sales
- determine the Concessionaire's compliance with the Agreement
- evaluate Division and Park management oversight of the Concessionaire's activities and performance

## **Methodology**

This audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in conformance with the current International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors. Our procedures included a site visit, interviews with the Concessionaire and Park management, as well as a review of Concessionaire and Park records.

## **Background**

Under the Agreement, the Concessionaire's operation at the Park includes food and beverage service, merchandise resale, recreation equipment rentals, event management services,

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guided tours, wi-fi services, and vending. The Agreement was executed June 1, 2013. It was amended November 18, 2017, to extend the Agreement period to September 30, 2023, and to revise requirements regarding construction, subcontracting, compensation, public records, insurance, services, and capital improvements.

According to the Agreement, the Concessionaire is required to pay the Department a commission rate of nine percent of gross sales plus applicable State Use Tax. For activities beginning January 1, 2018 through May 31, 2019, the Concessionaire reported \$1,209,032.40 in gross sales and paid commissions to the Department totaling \$115,697.92.

## Results

### Accuracy of Reported Gross Sales

We compared reported gross sales to the Concessionaire's financial records and reports to the Department of Revenue as follows.

Reported Gross Sales January 2018- May 2019		
Gross Sales per Monthly Reports of Gross Sales	Gross Sales per Profit and Loss Reports and General Ledger Entries	Gross Sales as Reported to Department of Revenue
\$1,209,032.40	\$1,209,030.31	\$1,208,664.31

Based on our audit, the Concessionaire's monthly reported gross sales<sup>1</sup> were generally supported by Profit and Loss reports, general ledger entries, daily sales summaries and were consistent with gross sales reported to the Department of Revenue. Minor discrepancies between reported gross sales amounts reported to the Department of Revenue were due to a reporting error in two months.

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<sup>1</sup> Gross Sales, for the purpose of the Agreement, does not include sales tax, gratuities, funds collected on food consumed by Concessionaire employees, pass through fees, and refunds.

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We compared the Concessionaire’s bank deposits to the total gross sales, including sales tax collections as follows. This comparison included only deposits resulting from the Concessionaire’s daily sales and adjustments for deposits resulting from transfers between the Concessionaire’s bank accounts as well as non-revenue related refunds made to the Concessionaire.

<b>Reported Gross Sales Compared to Deposits from January 2018 – May 2019</b>	
<b>Total Monthly Gross Sales per General Ledger</b> (Including Sales Tax Collections)	<b>Deposits</b> (per Bank Statements)
\$1,281,607.77	\$1,282,342.46

Based on discussions with the Concessionaire and review of reconciliation entries, differences were due, in part, to deposit timing and refunds received, which were not considered significant.

For the sampled months of March and April 2019, we compared daily Point of Sale (POS) entries to reported gross sales as follows.

<b>Reported Gross Sales Comparison with Daily Sale Summaries</b>		
<b>Month</b>	<b>Monthly Report of Gross Sales</b>	<b>Daily POS</b>
March	\$119,212.59	\$119,210.56
April	\$81,287.08	\$81,289.07

Monthly gross sales reported to the Department were supported by daily POS for both months with minor differences. Vending sales were not included for the month of March, and a store sale was not included for April. A revised Monthly Report of Gross Sales, and DR-15 were filed for the two months. Based on discussions with the Concessionaire, differences were also due in part, by a faulty register, which has since been replaced.

**Agreement Compliance and Management Oversight**

We obtained documentation and interviewed Park and Concessionaire staff as necessary to verify the Concessionaire’s compliance with requirements specified in the Agreement.

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### Utility Payments

According to Paragraph 9 of the Agreement, the Concessionaire is responsible for the costs of all utilities associated with facility operations. The Concessionaire is required to make payments directly to the service provider for electricity and garbage. We verified documented payments of the utilities.

The Concessionaire is required to pay \$125 per month for water usage, and \$30 per month for vending machines on property that requires refrigeration. During the audit period, the Concessionaire had paid the required fees for water usage and vending machines.

### Security Deposit

Paragraph 21 of the Agreement requires the Concessionaire to post a security deposit in the amount of \$24,000 to the Department. The Concessionaire posted a bond to the amount of \$24,000, certified June 1, 2013. The security bond had been renewed as required, with the most recent effective through May 31, 2020.

### Fee Payments

We verified the Concessionaire paid commission fees of 9% for reported gross sales for the scope of the audit as required under the Agreement. All payments were made by the 20th of the following month as required.

According to Paragraph 5 of the Agreement, the Department provides the Concessionaire two resident sites; one is located in the Eagles View Equestrian area, and the other is located in the cabin loop. The monthly fee for each resident site is \$100. According to the Concessionaire, one site was occupied by the Concessionaire Manager, and the other is used seasonally. Based on review of the Monthly Report of Gross Sales, the Concessionaire has only paid for one site.

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### Limited Engagement Document

The Concessionaire provided a copy of the required financial limited engagement document, prepared by a Certified Public Accountant as required in the Agreement. The report contained no findings.

### Purchase Card Industry (PCI) Requirement

The Concessionaire is required to comply with the PCI Data Security Standards (DSS). We verified current Self-Assessment Questionnaire and Certificate of Compliance had been completed as required in the Agreement.

### Licenses and Insurance

As required under the Agreement, the Concessionaire provided documentation of the business license for operations and tax-exempt certification, including a completed State Use Tax Exempt Certification form. Paragraph 33 of the Agreement requires the Concessionaire to maintain liability, automotive, and worker's compensation insurance. We verified insurance certificates documenting that the Concessionaire had maintained the required insurance during the audit period. Based on support documentation obtained for the sampled months, signed liability waivers were maintained for recreation equipment rentals.

### Accessibility and Inclusion Policy

According to Paragraph 41(c), of the Agreement, the Concessionaire is required to make their Accessibility and Inclusion Policy and Plan available to Park management regarding individuals with disabilities on the first day of operations under the Agreement. We obtained the Plan from the Concessionaire for all operations and verified the Concessionaire's website included accessibility information for visitors.

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### Environmental and Safety Plan

According to Paragraphs 6 and 7 of the Minimum Operational Requirements and Procedures, the Concessionaire was required to submit an Environmental Protection Plan and Safety Plan within 30 days of operation under the Agreement for evaluation and approval by the Park Manager. Paragraph 7 states, *The Safety Plan shall be revised once a year, thereafter by the Agreement execution anniversary date.* The Environmental Plan obtained from the Division's files was dated June 2013, Version 2014. Upon request, the Concessionaire provided an updated Environmental Protection Plan and Safety Plan, which were both labeled as Version 2019. The Park Manager also obtained copies of the updated Safety Plan. During the course of our audit, the Department's Safety Officer noted boating safety deficiencies regarding the Concessionaire's rental equipment. Upon discovery, the Concessionaire took corrective measures to update the equipment as needed.

### E-Verify Employment Eligibility Verification and Sexual Predator and Offender Checks

Per Paragraph 44 of the Agreement, the Concessionaire is required to maintain E-verify Employment and Eligibility Verification documentation for all persons employed by the Concessionaire. During our site visit, we verified that employment eligibility E-Verify records were maintained for all of the Concessionaire's employees during the audit period.

Paragraph 45 of the Agreement states the Department shall conduct a sexual predator and sexual offender check on the Concessionaire's Agreement Manager and its officers prior to executing this Agreement. Further, the Concessionaire shall perform sexual predator and sexual offender checks on all its employees and subcontractors and shall keep a copy of such records in their personnel files that will be available to the Department during the Concessionaire's regular



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office hours. We verified documentation of a Sexual Predator checks for the 43 employees, as well as the Concession Agreement Manager. Sexual Predator checks for two existing employees were completed when requested during our Audit.

### Minimum Operational Requirements

Based on criteria outlined in the Minimum Operational Requirements and Procedures of the Agreement, we verified the Concessionaire posted operating hours, maintained a telephone number as a point of contact, and posted signs as required. Further, the Concessionaire provided the tram and shuttle services, food and beverage services, recreational equipment rentals, and merchandise consistent with the Agreement requirements.

According to the Minimum Operations Requirements and Procedures Paragraph 2(c), the Concessionaire shall provide a maximum combination of 50 canoes and kayaks, a maximum of five small outboard powered skiffs, a minimum of six bicycles, and other similar rental equipment which shall be pre-approved, in writing, by the Park Manager. The Concessionaire must also obtain approval prior to placing rental equipment in use. Park Management shall then review and approve equipment based on parameters such as public safety and compatibility with other activities. During our site visit, the Concessionaire indicated rental equipment included five skiffs, 75 bikes, 80 canoes and kayaks, and ten stand-up paddleboards. The Park Manager could not provide documented approval for the equipment and levels of inventory.

### Minimum Accounting Requirements

Based on discussions with Concessionaire management and observations during our site visit, employees are supervised daily. Sales receipts are offered to customers. Duties associated with handling, recording, and reconciling daily receipts are generally assigned to different

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employees. Deposits are made by Concessionaire management. Based on a review of monthly deposits, we verified the Concessionaire's bank accounts had been established and were dedicated solely for the purpose of the Concession operation under the Agreement as required.

According to the Minimum Accounting Requirements, source documents, such as daily cash register tapes or pre-numbered receipts shall be retained to support recorded gross sales and sales tax collections. Transactions were documented through the Concessionaire's POS system and were recorded in the general ledger, as required under the Agreement. Periodic receipts from vending were also recorded in the general ledger. Monthly accountability forms for vending sales were consistent with the vending machine sales reported to the Department.

According to the Minimum Accounting Requirements, Paragraph A.5., if receipts exceed \$2,000, they shall be deposited intact daily. If receipts do not exceed \$2,000 a day, they shall be deposited intact periodically, which shall be no more than a five-day working period. For the sample months, deposits for 12 out of 63 days were made more than five days after receipt. Further, daily receipts which exceeded \$2,000 were not deposited within one working day as required.

According to the Minimum Accounting Requirements, Paragraph A., *Customer refunds shall be supported by customer signed documents. Transaction voids shall be documented and approved by the Concessionaire's Agreement Manager, or designated employee. Paragraph B states, At a minimum, customer refunds shall be documented by customer signed sales slips indicating receipt of the refund; and, the document shall state the reason for the refund; identifying receipt of the refund; date stamp and time the refund, and be maintained electronically within the point of sale system.* For the sampled months, the Concessionaire

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reported refunds and voids totaling \$1,981.16 in March 2019 and \$2,142.28 in April 2019. These transactions were recorded in the POS system. However, the Concessionaire had not maintained transaction documentation with written reasons and signed customer sales slips. Based on our inquiry, the Concessionaire indicated corrective steps were being taken to document refunds and voids as required.

### Agreement of Occupancy

Paragraph 5(n)(2) of the Agreement states an Agreement of Occupancy shall be signed by both the Department and the Concessionaire for each of the occupied resident sites prior to the Concessionaire's occupancy of such sites. Based on documentation from the Park Manager, there was an executed agreement for the Concessionaire Manager, but an agreement had not been executed for the staff that stay seasonally in the Eagles View Equestrian area.

### Capital Improvements

According to the Schedule and Scope of Capital Improvements in the Agreement, the Concessionaire was required to provide at least \$171,000 in funding for capital improvements to be completed by June 30, 2014. On November 18, 2017, the Agreement was amended to include an additional \$200,000 in capital improvements. Paragraph 7(A)(2) of the amended Schedule and Scope of Capital Improvements included a statement acknowledging completion of the capital improvements listed in the original Agreement. These improvements included the installation of an approximately 26' x 30' canvas awning over the outdoor dining patio. During our site visit, we noted that the outdoor dining patio did not have a canvas awning installed as required in the original Agreement. Based on discussions with Concession management, the awning had not been installed per verbal agreement with the former Park Manager.

The amended Schedule and Scope of Capital Improvements required that the Concessionaire complete a bathhouse/concession building at the Camp Murphy location no later than March 30, 2018. This had not been completed at the time of our site visit. According to the Concessionaire, this was primarily due to County permitting delays. The Concessionaire provided extensive correspondence regarding ongoing efforts to address the delays. Provided correspondence included notices to Park and District management of reasons for delays, changes, and updates of activity. While Park and District management had been in communication with the Concessionaire regarding circumstances causing the delay, the Park Manager had not formally approved an extended deadline for completion.

We reviewed the Division's and Park's oversight of the Agreement. The Park Manager completed Quarterly Concessionaire Evaluation forms regarding performance. During the audit period, the evaluations reflected overall positive results. Section 2(f) of the Quarterly Evaluation evaluates the concessionaire's documentation of customer refunds. Of the five completed evaluations, four had noted that the concessionaire provided sufficient documentation of customer refunds, and one did not have any designations. However, based on discussions with the Concessionaire, refunds and voids had not been documented as required under the Agreement during the audit period.

Section E.7 of the Quarterly Evaluation form currently in use requires that the Safety Plan be revised and approved by the Park Manager annually. All quarterly evaluations completed during the scope of our audit indicated that the Safety Plan had been revised and approved. However, the Park Manager was unable to provide documentation of plan approvals.

## **Conclusions**

Based on our audit, gross sales reported during the audit period were generally supported by the Concessionaire's general ledger, monthly sales summaries and daily transaction detail. Reported amounts were consistent with sales reported to the Department of Revenue. During the audit period, controls weaknesses were noted in the areas of Concessionaire site fees, equipment rentals, Safety Plans, timely deposits, documentation of refunds, agreements for occupancy, and completion of capital improvements.

## **Findings and Recommendations**

### **Finding 1: Resident Site Fees**

Per Paragraph 5 the Agreement, the Concessionaire is provided the use of two resident sites located in the Park. The fee for each site is \$100 each, paid monthly. One site was being occupied full time by the Concessionaire Manager, and the other was used seasonally. Based on review of the Monthly Report of Gross Sales, the concessionaire had only been paying the required fees for one site.

### **Recommendation:**

We recommend the Division work with the Park and the Concessionaire to ensure the Concessionaire pays fees as required when the sites are occupied. Further, the Division should work with the Park and Concessionaire to determine the outstanding amount owed for past unpaid site fees.

### **Finding 2: Rental Equipment**

Paragraph 2 of the Minimum Operations Requirements and Procedures outlines the minimum and maximum rental equipment that the Concessionaire may provide. This includes a

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maximum combination of 50 canoes and kayaks, a maximum of five small outboard powered skiffs, a minimum of six bicycles, and other similar rental equipment which shall be pre-approved, in writing, by the Park Manager. Paragraphs 2.c-d. state, *The Concessionaire shall obtain approval, in writing, from the Park Manager prior to placing passenger vehicles, vessels and rental equipment in use. Approval of the equipment will be based on public safety, resource protection, design and capacity of the vehicle or equipment, compatibility with other activities, compliance with the Americans with Disabilities Act, and aesthetic factors, such as compatible colors. The Concessionaire shall not change the vessels or the number of vessels without receiving pre-approval, in writing, from the Park Manager.*

During our site visit, the Concessionaire indicated that 80 canoes and kayaks are available for rental, exceeding the 50-maximum outlined in the agreement. The Concessionaire also offers stand-up paddleboards, which are not listed in the agreement. Neither have documentation of approval by Park management.

**Recommendation:**

We recommend the Division work with Park management to review the Concessionaire's current rental inventory and determine whether current equipment offerings meet Division expectations with respect to public safety, resource protection, design and capacity, compatibility with other activities, compliance with the Americans with Disabilities Act, and other Division requirements. The rental equipment and level of inventory should be approved by the Park Manager as required per the Agreement.

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### **Finding 3: Safety Plan**

Paragraph 7 of the Minimum Operational Requirements states, *Within the first thirty (30) days of operation under this Agreement, the Concessionaire shall provide a draft Safety Plan which will be evaluated by the Park Manager. A final Safety Plan which incorporates the District and Park Manager's comments and shall be approved by the Park Manager; shall be implemented within the first sixty (60) days of operation under this Agreement. The Safety Plan shall be revised once a year, thereafter by the Agreement execution anniversary date.* The Environmental Plan obtained from the Division's files was dated June 2013, Version 2014. However, there was no correspondence contained in the files demonstrating that it had been evaluated by the District and approved by the Park Manager. Upon request, the Concessionaire provided the Park Manager and audit staff with an updated Environmental Protection Plan and Safety Plan, which were both labeled as Version 2019.

During the course of our audit, the Department's Safety Officer noted boating safety deficiencies regarding the Concessionaire's rental equipment. Upon discovery, the Concessionaire took corrective measures to update the equipment as needed.

As written, the Agreement does not require the Concessionaire to submit the annual Safety Plan revision for Division review and Park Manager approval. This lack of clarity presents a control weakness which hinders continuous accountability for public safety between the Concessionaire and Division.

During our review of completed Quarterly Evaluations for activities during the audit period, it was noted that Section E. *Other Required Reports and Documentation* of the form states, *Safety Plan provided to Park Manager is revised and approved annually.* This

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requirement is not consistent with the requirement outlined in the Agreement. During the audit period, all completed Quarterly Evaluations indicated that the Safety Plan had been revised and approved. However, the only revisions that could be located were versions for 2017 and 2019. Neither demonstrated they had been reviewed and approved by the Park Manager.

**Recommendation:**

We recommend the Division review the language contained in the Agreement and Quarterly Evaluations to ensure that consistent direction is provided to the Concessionaire and Park management regarding the receipt, review, and approval of annual Safety Plan revisions. Given the noted safety concerns and the lack of Division approval for rental equipment noted in Finding 2, the Division should take steps to strengthen controls and oversight of the Concessionaire's adherence to Division safety requirements.

**Finding 4: Timeliness of Deposits**

According to the Minimum Accounting Requirements, Paragraph A(5), if receipts exceed \$2,000, they shall be deposited intact daily. Receipts that do not exceed \$2,000 a day shall be deposited intact periodically, which shall be no more than a five-day working period. We reviewed the cash deposits made for the sample months and found 12 of the 63 days were deposited more than five days after receipt. Further, all deposits exceeding \$2,000 were not deposited within one working day.

**Recommendation:**

We recommend the Division work with the Park and Concessionaire to ensure proper controls are in place regarding the timeliness of deposits.



### **Finding 5: Documentation of Refunds**

According to the Minimum Accounting Requirements, *customer refunds shall be documented by customer signed sales slips indicating the receipt of the refund; the document shall state the reason for the refund; identify the cashier making the refund; date stamp and time the refund; and be maintained electronically within the point of sale system.* Voided receipts must have documentation identifying the reason for the void. While the Concessionaire demonstrated refunds and voids being maintained electronically through the POS system, the Concessionaire could not provide documentation explaining the reason for the refund or void. The Concessionaire has since begun implementing a refund process that includes documentation. Further, Park Management failed to report an accurate evaluation of the Concessionaire's process on the quarterly evaluations.

### **Recommendation:**

We recommend the Division work with the Park to ensure the Concessionaire maintains records supporting all refund transactions with customer signed sales slips indicating the receipt and reason for the refund. Further, Park management should ensure that an accurate review of the documentation is being completed for the quarterly evaluation.

### **Finding 6: Agreement of Occupancy**

Paragraph 5(n)(2) of the agreement states an Agreement of Occupancy shall be signed by both the Department and the Concessionaire for each of the occupied resident sites prior to the Concessionaire's occupancy of such sites. Based on documentation from the Park Manager, there was a completed agreement for the Concessionaire Manager, but there was not a completed agreement for the staff that stay seasonally in the Equestrian area.

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**Recommendation:**

We recommend the Division work with the Park and the Concessionaire to ensure that a proper Occupancy Agreement is signed for the time frame that the rental site is occupied.

**Finding 7: Completion of Capital Improvement Projects**

According to the Schedule and Scope of Capital Improvements in the Agreement, the Concessionaire was required to provide at least \$171,000 in funding for capital improvements. Improvements included replacing the roof and siding on the River Store Building, upgrading the electrical system, and construction of a food and beverage garden. The food and beverage garden shall include a dining patio, fencing, tables and chairs, a mobile kitchen unit, as well as a 26' x 30' canvas awning covering the patio. The Department acknowledged completion of the capital improvements in 2017. However, during our site visit it was noted that a canvas awning does not cover the patio area.

An Amendment to the Agreement was executed in November 2017 to include an additional \$200,000 in capital improvements to be completed no later than March 30, 2018. This included construction of a bathhouse/concession building at the Camp Murphy location. As of October 2019, the Capital Improvement has not been completed. The Concessionaire provided significant documentation of attempts to correct the noted issues since December of 2017. The correspondence provided also included notices to the Park Manager as well as the District of reasons for delays, changes, and updates of activity. However, there has been no formal Division approval or Agreement amendment modifying the Agreement terms or extending the required construction completion date.

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**Recommendation:**

We recommend the Division work with the Park and Concessionaire to ensure that any agreed upon modifications to the capital improvements or required completion dates are formally established and approved by the Division.

*To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of Section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Christine Cullen and supervised by Valerie J. Peacock.*

*Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.*

*Valerie J. Peacock,  
Director of Auditing*

*Candie M. Fuller,  
Inspector General*



# FLORIDA DEPARTMENT OF Environmental Protection

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## Memorandum

**TO:** Valerie Peacock, Audit Director  
Office of the Inspector General

**FROM:** Eric Draper, Division Director  
Division of Recreation and Parks

11/20/19  
ED HHA

**SUBJECT:** Division Response to Audit of Agreement MY-0612 with National and State Park Concessions Jonathan Dickinson, Inc. at Jonathan Dickinson State Park (Report: A-1920DEP-007)

**DATE:** November 20, 2019

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### Finding 1: Resident Site Fees

Per Paragraph 5 the Agreement, the Concessionaire is provided the use of two resident sites located in the Park. The fee for each site is \$100 each, paid monthly. One site was being occupied full time by the Concessionaire Manager, and the other was used seasonally. Based on review of the Monthly Report of Gross Sales, the concessionaire had only been paying the required fees for one site.

### **Recommendation:**

We recommend the Division work with the Park and the Concessionaire to ensure the Concessionaire pays fees as required when the sites are occupied. Further, the Division should work with the Park and Concessionaire to determine the outstanding amount owed for past unpaid site fees.

### **Division Response:**

*Concur with finding and recommendation. The Park Manager will collect the required fees on future site occupancy. Additionally, the Park Manager will research Division records to determine the outstanding amount owed for past unpaid site fees and will send a demand letter for the unpaid fees to the Concessionaire.*

**Finding 2: Rental Equipment**

Paragraph 2 of the Minimum Operations Requirements and Procedures outlines the minimum and maximum rental equipment that the Concessionaire may provide. This includes a maximum combination of 50 canoes and kayaks, a maximum of five small outboard powered skiffs, a minimum of six bicycles, and other similar rental equipment which shall be pre-approved, in writing, by the Park Manager. Paragraphs 2.c-d. state, *The Concessionaire shall obtain approval, in writing, from the Park Manager prior to placing passenger vehicles, vessels and rental equipment in use. Approval of the equipment will be based on public safety, resource protection, design and capacity of the vehicle or equipment, compatibility with other activities, compliance with the Americans with Disabilities Act, and aesthetic factors, such as compatible colors. The Concessionaire shall not change the vessels or the number of vessels without receiving pre-approval, in writing, from the Park Manager.*

During our site visit, the Concessionaire indicated that 80 canoes and kayaks are available for rental, exceeding the 50-maximum outlined in the agreement. The Concessionaire also offers stand-up paddleboards, which are not listed in the agreement. Neither have documentation of approval by Park management.

**Recommendation:**

We recommend the Division work with Park management to review the Concessionaire's current rental inventory and determine whether current equipment offerings meet Division expectations with respect to public safety, resource protection, design and capacity, compatibility with other activities, compliance with the Americans with Disabilities Act, and other Division requirements. The rental equipment and level of inventory should be approved by the Park Manager as required per the Agreement.

**Division Response:**

*Concur with finding and recommendation. The Park Manager will review the requirements listed in Exhibit A of the Concession Agreement for compliance and subsequently issue a Letter of Authorization for necessary approvals.*

**Finding 3: Safety Plan**

Paragraph 7 of the Minimum Operational Requirements states, *Within the first thirty (30) days of operation under this Agreement, the Concessionaire shall provide a draft Safety Plan which will be evaluated by the Park Manager. A final Safety Plan which incorporates the District and Park Manager's comments and shall be approved by the Park Manager; shall be implemented within the first sixty (60) days of operation under this Agreement. The Safety Plan shall be revised once a year, thereafter by the Agreement execution anniversary date.* The Environmental Plan obtained from the Division's files was dated June 2013, Version 2014. However, there was no

correspondence contained in the files demonstrating that it had been evaluated by the District and approved by the Park Manager. Upon request, the Concessionaire provided the Park Manager and audit staff with an updated Environmental Protection Plan and Safety Plan, which were both labeled as Version 2019.

During the course of our audit, the Department's Safety Officer noted boating safety deficiencies regarding the Concessionaire's rental equipment. Upon discovery, the Concessionaire took corrective measures to update the equipment as needed.

As written, the Agreement does not require the Concessionaire to submit the annual Safety Plan revision for Division review and Park Manager approval. This lack of clarity presents a control weakness which hinders continuous accountability for public safety between the Concessionaire and Division.

During our review of completed Quarterly Evaluations for activities during the audit period, it was noted that Section E. *Other Required Reports and Documentation of the form states, Safety Plan provided to Park Manager is revised and approved annually.* This requirement is not consistent with the requirement outlined in the Agreement. During the audit period, all completed Quarterly Evaluations indicated that the Safety Plan had been revised and approved. However, the only revisions that could be located were versions for 2017 and 2019. Neither demonstrated they had been reviewed and approved by the Park Manager.

**Recommendation:**

We recommend the Division review the language contained in the Agreement and Quarterly Evaluations to ensure that consistent direction is provided to the Concessionaire and Park management regarding the receipt, review, and approval of annual Safety Plan revisions. Given the noted safety concerns and the lack of Division approval for rental equipment noted in Finding 2, the Division should take steps to strengthen controls and oversight of the Concessionaire's adherence to Division safety requirements.

**Division Response:**

*Concur with finding and recommendation. The Park Business Development Section will prepare an Amendment which modifies the Concession Agreement's Safety Plan requirements to ensure consistency with routing, reviewing and approving Safety Plans. The Park Manager will ensure Safety Plans are reviewed and approved as required by the Concession Agreement.*

**Finding 4: Timeliness of Deposits**

According to the Minimum Accounting Requirements, Paragraph A(5), if receipts exceed \$2,000, they shall be deposited intact daily. Receipts that do not exceed \$2,000

a day shall be deposited intact periodically, which shall be no more than a five-day working period. We reviewed the cash deposits made for the sample months and found 12 of the 63 days were deposited more than five days after receipt. Further, all deposits exceeding \$2,000 were not deposited within one working day.

**Recommendation:**

We recommend the Division work the with the Park and Concessionaire to ensure proper controls are in place regarding the timeliness of deposits.

**Division Response:**

*Concur with finding and recommendation. The Park Manager will ensure the proper controls are in place regarding the timeliness of deposits.*

**Finding 5: Documentation of Refunds**

According to the Minimum Accounting Requirements, *customer refunds shall be documented by customer signed sales slips indicating the receipt of the refund; the document shall state the reason for the refund; identify the cashier making the refund; date stamp and time the refund; and be maintained electronically within the point of sale system.* Voided receipts must have documentation identifying the reason for the void. While the Concessionaire demonstrated refunds and voids being maintained electronically through the POS system, the Concessionaire could not provide documentation explaining the reason for the refund or void. The Concessionaire has since begun implementing a refund process that includes documentation. Further, Park Management failed to report an accurate evaluation of the Concessionaire's process on the quarterly evaluations.

**Recommendation:**

We recommend the Division work with the Park to ensure the Concessionaire maintains records supporting all refund transactions with customer signed sales slips indicating the receipt and reason for the refund. Further, Park management should ensure that an accurate review of the documentation is being completed for the quarterly evaluation.

**Division Response:**

*Concur with finding and recommendation. Corrective action has been taken and the Concessionaire is utilizing a receipt signature stamp. The Park Manager has further directed the Concessionaire to maintain the appropriate documentation for refunds and the Park Manager will accurately report the review of documentation in future quarterly evaluations.*

**Finding 6: Agreement of Occupancy**

Paragraph 5(n)(2) of the agreement states an Agreement of Occupancy shall be signed by both the Department and the Concessionaire for each of the occupied resident sites prior to the Concessionaire's occupancy of such sites. Based on documentation from the Park Manager, there was a completed agreement for the Concessionaire Manager, but there was not a completed agreement for the staff that stay seasonally in the Equestrian area.

**Recommendation:**

We recommend the Division work with the Park and the Concessionaire to ensure that a proper Occupancy Agreement is signed for the time frame that the rental site is occupied

**Division Response:**

*Concur with finding and recommendation. Corrective action has been taken. The Park Manager has confirmed that the equestrian area is no longer needed by the Concessionaire and will ensure a proper Occupancy Agreement is signed for any future site occupancy.*

**Finding 7: Completion of Capital Improvement Projects**

According to the Schedule and Scope of Capital Improvements in the Agreement, the Concessionaire was required to provide at least \$171,000 in funding for capital improvements. Improvements included replacing the roof and siding on the River Store Building, upgrading the electrical system, and construction of a food and beverage garden. The food and beverage garden shall include a dining patio, fencing, tables and chairs, a mobile kitchen unit, as well as a 26' x 30' canvas awning covering the patio. The Department acknowledged completion of the capital improvements in 2017. However, during our site visit it was noted that a canvas awning does not cover the patio area.

An Amendment to the Agreement was executed in November 2017 to include an additional \$200,000 in capital improvements to be completed no later than March 30, 2018. This included construction of a bathhouse/concession building at the Camp Murphy location. As of October 2019, the Capital Improvement has not been completed. The Concessionaire provided significant documentation of attempts to correct the noted issues since December of 2017. The correspondence provided also included notices to the Park Manager as well as the District of reasons for delays, changes, and updates of activity. However, there has been no formal Division approval or Agreement amendment modifying the Agreement terms or extending the required construction completion date.



Valerie Peacock, Audit Director

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**Recommendation:**

We recommend the Division work with the Park and Concessionaire to ensure that any agreed upon modifications to the capital improvements or required completion dates are formally established and approved by the Division.

**Division Response:**

*Concur with findings and recommendations. The Park Business Development Section will prepare an Amendment which modifies the Concession Agreement's Capital Improvement deadlines.*