

**Audit of Agreement MY-0912 with  
Anderson's Outdoor Adventures, LLC. at  
Manatee Springs State Park**

**Division of Recreation and Parks**

**Report: A-1617DEP-033**

**Office of Inspector General**

**Internal Audit Section**

**Florida Department of Environmental Protection**

**January 18, 2018**

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at Manatee Springs State Park  
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The Office of Inspector General (OIG) conducted an Audit of Agreement MY-0912 (Agreement) between the Department of Environmental Protection (Department), Division of Recreation and Parks (Division) and Anderson's Outdoor Adventures, LLC. (Concessionaire) at Manatee Springs State Park (Park). This audit was initiated as a result of the Fiscal Year (FY) 2016-2017 Annual Audit Plan.

## **Scope & Objectives**

The scope of the audit included Agreement activities during the period of January 1, 2016, through December 31, 2016. The objectives were to determine the Concessionaire's:

- compliance with the Agreement
- accuracy of reported gross sales

## **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**

In March 2013, the Department entered into the Agreement with the Concessionaire to provide food service, merchandise, Wi-Fi access, and recreational equipment rental of canoes, kayaks, paddle boats, pontoon boats, fishing boats, and bicycles at the Park. The Concessionaire also provides a shuttle service from the Park to locations including Clay Landing and Anderson Park. The Agreement was amended in December 2013, March 2015,

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and February 2016. Under Amendment 3 in February 2016, the Concessionaire's required commission payment was reduced from the originally projected 6% to 3% of gross sales due to needed repairs affecting the Concessionaire's operations in the Park. The Agreement expires October 2018. According to the Monthly Report of Concessionaire's Gross Sales, the Concessionaire reported total gross sales of \$332,863.42 and paid \$9,985.91 in commissions to the Department in calendar year 2016.

## **Results**

### Agreement Compliance

Based on observations during our site visit, the hours of operation are on a schedule as required in the Agreement and are posted near the main entrance of the Concession building. The Concession provides outdoor food services, recreational equipment rental, and retail sales of sundries and supplies. However, at the time of our site visit, the merchandise inventory included minimal options and was not well stocked. The rental equipment and safety accessories available to visitors appeared to be well maintained.

A Canoe/Kayak Rental Agreement used to document equipment rentals was posted beside a Release of Liability Signature log. We reviewed equipment rental documentation for the months of March and April 2016. According to the Concessionaire, all visitors renting canoes or kayaks sign the Release of Liability Signature log before canoes or kayaks are launched. Multiple signatures were reflected daily on the Release of Liability Signature log during the sample months. However, the signature log did not identify specific rental transactions with customer signatures.

According to Exhibit A of the Agreement, the Concessionaire is required to maintain

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an Environmental Protection Plan and a Safety Plan approved by the Park Manager. The Concessionaire provided both the current Environmental Protection Plan and the Safety Plan. According to the Park Manager, both Plans were submitted and approved in the audit period.

Based on Exhibit A of the Agreement Minimum Operational Requirements and Procedures, the Concessionaire shall provide the Park Manager with a summary of intended interpretive plans and narratives regarding the guided boat tours, which began May 1, 2015. Per the Concessionaire and Park Manager, the Concessionaire did not submit a guided boat tour summary to the Park Manager during the audit period. During our audit, the Concessionaire provided the Pontoon Boat Tour Scripts, approved by the Park Manager on June 9, 2017.

According to Section 45 of the Agreement, the Concessionaire is required to perform E-Verify Employment Eligibility Verification searches for all employees and subcontractors and keep a copy of the records in the personnel files. The Concessionaire provided E-Verify Employment Eligibility Verification searches for seven employees who worked during the audit period. Of the seven searches, six were completed several months after the employees' hire dates and one was dated two weeks after the employee was hired. The Concessionaire indicated that since this time, required searches are conducted at the time of hire.

Section 46 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. No person on either the sexual predator or sexual offender list maintained by the Florida Department of Law Enforcement ("FDLE") shall be employed within the Parks. 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*

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*that will be available to the Department during the Concessionaire's regular office hours.* Upon request, the Concessionaire provided the sexual predator and offender searches through the Florida Department of Law Enforcement for the seven employees who worked during the audit period. These search documents did not include completion search dates. Per the Concessionaire, all sexual predator and offender searches were completed upon employees' hire. We obtained copies of the two Concession Officers' sexual predator and offender searches from the Division, which were completed prior to executing the Agreement.

According to the Concessionaire's bank records, payments were made to 16 additional temporary staff who were needed during the peak season. E-Verify Employment Eligibility Verification searches and the sexual predator and offender searches were not conducted for the additional temporary staff.

According to Sections 22, 35, Exhibit C, and Amendment 3 of the Agreement, the Concessionaire is required to maintain a payment bond, workers' compensation insurance, commercial general liability insurance, and commercial automotive insurance. We verified that the required payment bond and insurance policies were obtained in the amounts specified in the Agreement. We also verified the Concessionaire's current business licenses for food and beverages including alcohol.

In Amendment 1, Section 26(g) of the Agreement, the Concessionaire is responsible for complying with the Payment Card Industry (PCI) Data Security Standards (DSS), which states, *the Concessionaire shall confirm the required data security measures are in place no later than 60 days after the execution of this Agreement or prior to the commencement of operations, whichever is sooner, by submitting the appropriate Self-Assessment Questionnaire*

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*("SAQ"), and evidence that their e-payment Service Provider is compliant with the DSS, to the Park Manager. The Concessionaire shall submit an appropriate and current SAQ, and evidence that their e-payment Service Provider is compliant with the DSS, to the Park Manager on the anniversary of the execution date, through the expiration or termination of this agreement.* During the course of our audit, the Concessionaire completed and provided a current PCI DSS Self-Assessment Questionnaire and Attestation document, which was dated May 10, 2017. According to Park management and the Concessionaire, required PCI documentation was not completed prior to the audit due to misunderstanding of the PCI compliance documentation required.

#### Minimum Accounting Requirements

The Concessionaire uses a portable tablet point of sale system for all food service, merchandise sales, and rental sales. Two cash registers located in the Concession building are used for these transactions. A visual display of transactions is presented to customers for signature authorization when payments are made by credit card. Signs are posted in the Concession area reminding customers to ask for a receipt. The registers produce customer copies of sales receipts, contain a locked in tape with sequential numbering system, and record tax amounts. Transactions are recorded in the Square, Inc. point of sale system and are maintained electronically. Revenue reports can be generated from these transactions.

Based on the Minimum Accounting Requirements, Section A.7, *daily cash register totals should be verified, at the end of the day, by a person not having access to cash.* In Section B.1 of the Minimum Accounting Requirements, *the Concessionaire shall clear or close all cash registers at the end of the day; and retain all tapes.* The Concessionaire provided 93 Drawer

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Reports that represented daily cash sales during the sample months of March and April 2016<sup>1</sup>. Of these, 17 represented multiple days. During the two-month period, expected collections totaled \$47,749.85 and actual collections were \$46,702.79. Of the total 93 Drawer Reports, 78 contained overage and shortage discrepancies which were not documented. Based on discussions with the Concessionaire, a majority of the differences were due to staff clerical errors, and included instances where staff paychecks were cashed without processing the transaction. Based on the Drawer Reports, cash registers were not always closed out daily and end of the day totals were not initialed by a separate staff.

Section A of the Minimum Accounting Requirements states, *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. All adjustments to gross sales, such as customer refunds, shall be recorded in the ledger or journal using a separate entry. At 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; identify the cashier making the refund; date stamp and time of the refund, and be maintained electronically within the point of sale system.*

According to the Point of Sales Reports, there were 42 refunds totaling \$2,976.65 during the two sampled months. Through the use of the portable tablet point of sale system, refunds are maintained electronically. However, refund transaction detail did not include customer signed documentation indicating the receipt of refund as required. The transaction detail indicated the time and date for each refund, but did not consistently indicate the reason for the refunds and did

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<sup>1</sup> The Drawer Reports for the sample months were dated from February 27, 2016 to May 1, 2016.



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not always identify the cashier making the refunds. Refunds were also not listed separately in the ledger. The Concessionaire's lack of required refund documentation was noted by the Park Manager in the first three Concessionaire Quarterly Evaluations for the audit period.<sup>2</sup> However, where the deficiency in refund documentation was noted during the initial evaluations, there was no indication that the matter was addressed with the Concessionaire. The Concessionaire Quarterly Evaluation for October through December 2016 indicated that refunds were substantiated with a customer signed document using a rubber stamp and ledger.

Section B of the Minimum Accounting Requirements states, *The Concessionaire shall retain the record copy of all issued receipts and copies of voided receipts. All receipts and copies of voided receipts shall identify the cashier making the void, and provide the reason for the void.* The Concessionaire indicated that voided transactions are documented and approved by management. However, there were no documented voids provided for the audit period.

In Section A.5 of the Minimum Accounting Requirements, *if receipts exceed \$2,000.00, they shall be deposited intact daily. If receipts do not exceed \$2,000.00 a day, they shall be deposited intact periodically, which shall be no more than a five day working period. Undeposited receipts shall be stored in a secure manner-a safe is preferable. Validated deposits and bank statements supporting amounts deposited shall be retained by the Concessionaire.* We reviewed 38 deposits included in the bank statements for the months March and April 2016. All deposits were made timely in compliance with the Agreement. Deposit slips were included in bank statements and were consistent with ledger entries with one exception. A deposit made

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<sup>2</sup> The Concessionaire's Quarterly Evaluations for January through March and April through June 2016, were combined in one evaluation.

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April 29, 2016, for \$830.00 was not listed on the April ledger. However, these deposits were not consistent with cash amounts reflected in the Drawer Reports and Point of Sales Reports.

Reported Revenue

Based on the Monthly Report of Concessionaire's Gross Sales for the calendar year 2016, the Concessionaire's gross sales totaled \$332,863.42. We verified the Concessionaire paid the required 3% commission fee of reported gross sales, which totaled \$9,985.91. Monthly commission fees were paid by the 20<sup>th</sup> of each month in 2016 as required in the Agreement.

Section A.6 in the Minimum Accounting Requirements states *daily entries, to account for gross sales and sales tax collections by point of sale and/or collection station, shall be made to a ledger, an automated ledger, a journal or by an automated entry. Entries shall equal amounts deposited by period.* Section 26(d) of the Agreement requires that the Monthly Report of Concessionaire's Gross Sales and the annual Profit and Loss Statement be based on source documents and books of original entry. Section A.1 of the Minimum Accounting Requirements states, *the Concessionaire shall establish and maintain bank accounts (checking, savings, etc.) that are used solely for concession Agreement operations and are separate from any non-concession Agreement operations.* For calendar year 2016, the following table represents a comparison of the Concessionaire's reported gross sales to amounts supported by the Concessionaire's ledger, bank statements, annual Profit and Loss Statement, and the Department of Revenue (DOR) Monthly Sales Tax reports.

Monthly Report of Concessionaire's Gross Sales	Ledger (Sales of Product Income)	Bank Statement (Deposits)	Profit and Loss Statement (Gross Sales)	DOR Monthly Sales Tax Reports
\$332,863.42	\$310,693.63	\$364,429.99	\$355,474.71	\$421,539.79

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Gross sales reported to the Department were greater than amounts supported by the ledger, but significantly less than amounts reported in the 2016 Concessionaire's annual Profit and Loss Statement, bank deposits, and DOR Monthly Sales Tax reports. According to the Concessionaire, the business expanded adding three additional concession operations in 2016<sup>3</sup>. During this transition, the Concessionaire indicated that bank deposits and fund transfers associated with the external operations were made to the Concessionaire's account. Bank statement deposits and credits included 19 electronic funds transfers totaling \$12,593.

Amounts recorded on the Monthly Report of Concessionaire's Gross Sales were \$88,676.37 less than gross sales reported in the DOR Monthly Sales Tax reports. Out of the 12 months in 2016, gross sales were reported consistently to the Department and DOR for five months. In the remaining seven months, gross sales reported in the DOR Monthly Sales Tax reports exceeded gross sales reported to the Department<sup>4</sup>. Based on discussions with the Concessionaire, the discrepancies were attributed to external concession operations.

We compared detailed Point of Sales Reports to the Concessionaire's ledger and Monthly Report of Concessionaire's Gross Sales for the sampled months.

<b>Sales for Sampled Months of March and April 2016</b>			
<b>Month</b>	<b>Point of Sales Reports (Gross Sales)<sup>5</sup></b>	<b>Ledger (Sales of Product Income)</b>	<b>Monthly Report of Concessionaire's Gross Sales</b>
<b>March 2016</b>	\$46,612.31	\$42,895.27	\$46,612.31
<b>April 2016</b>	\$33,963.84	\$33,987.63	\$33,963.84
<b>Total</b>	\$80,576.15	\$76,882.90	\$80,576.15

Gross sales reflected in the Point of Sales Reports were consistent with amounts in the

<sup>3</sup> The added concession operations are external to the Department.

<sup>4</sup> Gross sales were reported consistently to the Department and DOR for the Months of January, February, March, September, and December 2016.

<sup>5</sup> Gross sales according to the Concessionaire's Point of Sales Report is total sales minus discounts and refunds.

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Monthly Reports of Concessionaire's Gross Sales. However, these exceeded amounts recorded in the ledger by \$3,693.25 as all transactions in the Point of Sales Reports were not supported by separate entries made in the ledger.

From our review of Point of Sales and Drawer Reports for the months of March and April 2016, we also compared cash sales recorded in the Point of Sales Reports to the deposit receipts.

<b>Cash Sales for March and April 2016</b>			
<b>Month</b>	<b>Point of Sales Reports (Cash)</b>	<b>Bank Deposit Receipts (Cash)</b>	<b>Drawer Reports (Cash Sales)<sup>6</sup></b>
March 2016	\$19,925.57	\$12,570.00	\$17,881.52
April 2016	\$14,195.41	\$13,681.96	\$14,019.15
<b>Total</b>	<b>\$34,120.98</b>	<b>\$26,251.96</b>	<b>\$31,900.67</b>

During the two months, cash sales recorded in the Point of Sales Reports exceeded deposits by \$7,869.02. Cash sales recorded in the Drawer Reports exceeded deposits by \$5,648.71. The Concessionaire could not clarify specific causes of these discrepancies.

## **Conclusions**

Based on our audit, the Concessionaire was not in compliance with the Agreement in regards to E-Verify and the sexual predator and offender search procedures, PCI standards, as well as several areas in the Minimum Accounting Requirements. In addition, reported revenue was not consistently supported between the Concessionaire's ledger, bank statements, annual Profit and Loss Statement, and DOR Monthly Sales Tax reports.

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<sup>6</sup> Cash sales reflected in the Drawer Reports is sales minus cash refunds.

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## **Findings & Recommendations**

### **Finding 1: E-Verify Employment Eligibility Verification and Sexual Predator and Offender Searches**

According to Sections 45 and 46 of the Agreement, the Concessionaire is required to conduct Department of Homeland Security E-Verify Employment Eligibility Verification and Florida Department of Law Enforcement sexual predator and offender searches for all employees and subcontractors and keep a copy of the records in the personnel files. The Concessionaire provided Department of Homeland Security E-Verify Employment Eligibility Verification searches for seven employees. Of the seven searches, six were completed several months after the employees' hire dates and one was dated two weeks after the employee was hired. Per the Concessionaire, the E-Verify Employment Eligibility Verification search process was updated and searches are currently completed for all employees at the time of hire by the Concessionaire's payroll company. The Concessionaire provided a subsequent employee's E-Verify Employment Eligibility Verification search, which was completed on April 21, 2017, for an employee hired on April 15, 2017.

Upon request, the Concessionaire provided the sexual predator and offender searches through the Florida Department of Law Enforcement for seven employees during the audit period. Based on discussions with the Concessionaire, the searches were completed upon hire for all seven employees. However, this could not be verified since the search documentation did not include the search dates.

According to bank records, 16 additional individuals received payment as temporary

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staff during the peak season. The E-Verify Employment Eligibility Verification searches and the sexual predator and offender searches were not conducted for the temporary staff.

### **Recommendation**

We recommend the Division work with the Concessionaire to ensure that E-Verify Employment Eligibility Verification and Florida Department of Law Enforcement sexual predator and offender searches are conducted for all employees. These searches should be conducted at the time of hire, with dated documentation maintained in the Concessionaire's personnel files. This information should be verified and documented by the Park Manager during the Concessionaire's Quarterly Evaluations.

### **Finding 2: Payment Card Industry Data Security Standards Compliance**

Per Section 26(g) of the Agreement, the Concessionaire is required to submit a PCI DSS Self-Assessment Questionnaire to the Park Manager within 60 days after the execution of the Agreement or prior to the commencement of operations and on the anniversary of the execution date for the term of the Agreement. During the audit, the Concessionaire completed and provided a current PCI DSS Self-Assessment Questionnaire and Attestation document dated May 10, 2017. The Concessionaire's Quarterly Evaluations during this period indicated that the PCI DSS Compliance Self-Assessment was complete, current, and on file. According to the Park Manager and the Concessionaire, required PCI compliance documentation was not completed previously due to misunderstanding of the requirement.

### **Recommendation**

We recommend the Division ensure that the required PCI compliance documentation, which includes the PCI DSS Self-Assessment Questionnaire is completed annually by the

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Concessionaire and provided to the Park. Verification of the completed document should be accurately reflected in the Concessionaire's Quarterly Evaluations.

**Finding 3: Refunds and Voids**

Sections A and B of the Minimum Accounting Requirements require that refunds be supported by customer signed documents indicating receipt of the refund, the reason for the refund, the identity of the cashier making the refund, and the date and time of the refund. All refund transactions maintained electronically should be included in the ledger using separate entries. Voided transactions should include management approval, employee identification, and the reason for the void. All copies of refunds and voided receipts should be retained by the Concessionaire.

Concessionaire refunds are maintained electronically through the point of sale system. However, customer signed receipt documentation was not retained by the Concessionaire as required. Electronic records indicated the time and date for each refund but did not include the reason for all refunds and did not always identify the cashier making the refunds. Additionally, customer refunds were not recorded in the ledger using separate entries.

According to the Concessionaire, voided transactions are documented and approved by management. However, no documentation of voided receipts was provided for the audit period. The Concessionaire's lack of required refund documentation was noted by the Park Manager in the first three Concessionaire Quarterly Evaluations for the audit period. The final Concessionaire Quarterly Evaluation indicated that refunds were substantiated with a customer signed document using a rubber stamp and ledger.

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### **Recommendation**

We recommend the Division ensure the Concessionaire supports all refund transactions with customer signed sales slips indicating the receipt of refund, the reason for the refund, and identify the cashier making the refund. All refunds should be recorded in the ledger using separate entries as required in the Agreement. Voided transactions should indicate the reason for the transaction and identify the cashier making the transaction. Copies of all refunds and voided receipts should be retained by the Concessionaire. This circumstance should be accurately reflected in the Concessionaire's Quarterly Evaluation and addressed with the Concessionaire.

### **Finding 4: Daily Sales Reporting**

Sections A.7 and B.1 of the Minimum Accounting Requirements state, *daily cash register totals should be verified, at the end of the day, by a person not having access to cash. The Concessionaire shall clear or close all cash registers at the end of the day; and retain all tapes.* For the two months sampled during the audit period, the Concessionaire's cash Drawer Reports were not always completed daily and were not initialed by a separate staff. For the two-month period, the documented expected collections were \$47,749.85, which exceeded the documented actual collections of \$46,702.79 for an overall shortage of \$1,047.06 (2%). Of the 93 Drawer Reports reviewed, 78 contained overage and shortage discrepancies which were not documented.

### **Recommendation**

We recommend the Division work with the Concessionaire to ensure compliance with the Minimum Accounting Requirements. Cash registers should be closed at the end of the day, supported by register tapes, and initialed by a separate staff. Discrepancies between



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expected and actual collections should be documented and initialed by Concessionaire staff and management.

**Finding 5: Accuracy of Reported Revenue**

Section 26(d) of the Agreement requires that the Monthly Report of Gross Sales and annual Profit and Loss Statement be based on source documents and books of original entry. According to Section A.6 of the Minimum Accounting Requirements, daily entries to account for gross sales and sales tax by point of sale and collection station shall be made to a ledger, journal, or automated entry. Entries shall equal amounts deposited. Source documents, shall be retained to support all gross sales and sales tax collections.

Based on our audit, there were several discrepancies between source documents accounting for the Concessionaire's gross sales. Total gross sales of \$332,863.42 reported on the Monthly Report of Concessionaire's Gross Sales for 2016 exceeded amounts recorded in the ledger by \$22,169.79. Gross sales recorded in the Concessionaire's 2016 annual Profit and Loss Statement, exceeded sales reported in the Monthly Report of Concessionaire's Gross Sales by \$22,611.29.

For the sampled months of March and April, gross sales reflected in the Point of Sales Report exceeded sales of product income recorded in the ledger. All sales transactions in the Point of Sales Reports were not supported using separate entries made to the ledger during the sampled months.

Section A.1 of the Minimum Accounting Requirements states, *the Concessionaire shall establish and maintain bank accounts (checking, savings, etc.) that are used solely for concession Agreement operations and are separate from any non-concession Agreement*

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*operations.* Based on discussions with the Concessionaire, the business expanded adding three additional concession operations external to the Department in 2016. During the Concessionaire's transition period, separate bank accounts were established for the additional concession operations by May 2016.

According to bank statements for 2016, deposits totaled \$364,429.99, which exceeded reported gross sales by \$31,566.57. Bank statement deposits included 19 electronic funds transfers totaling \$12,593. According to the ledger, nine were transfers from the Concessionaire's additional concession operations. In addition, for the two months sampled, all cash sales documented in the Drawer Reports and Point of Sale Reports were not deposited in the Concessionaire's bank account.

In addition, amounts reported in the DOR Monthly Sales Tax reports exceeded gross sales reported to the Department by \$88,676.37. Out of 12 months, gross sales were reported consistently to the Department and DOR for five months in 2016. According to the Concessionaire, this was due to the Concessionaire including additional concession operations revenue in the Park's reports to DOR.

### **Recommendation**

We recommend the Division work with the Concessionaire to ensure gross sales reported in the Monthly Report of Concessionaire's Gross Sales are consistently supported by books of original entry and source documents as required in the Agreement. These reports should agree with amounts reflected in annual Profit and Loss Statements, as well as the DOR Monthly Sales Tax reports. All daily sales transactions reported in the Monthly Report of Concessionaire's Gross Sales should be recorded in the ledger. Revenue reported should be equal to amounts

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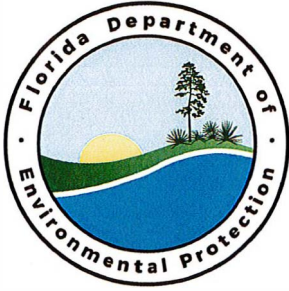
deposited in the bank by period. The Division should also work with the Concessionaire to ensure bank accounts are used solely for the Concessionaire's operations under the Agreement as required.

*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 Angie Cringan 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

Marjory Stoneman Douglas Building  
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Rick Scott  
Governor

Carlos Lopez-Cantera  
Lt. Governor

Noah Valenstein  
Secretary

## Memorandum

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

**FROM:** Chuck Hatcher, Assistant Director  
Division of Recreation and Parks 

**SUBJECT:** Manatee Springs State Park (Report A-1617DEP-033)

**DATE:** January 10, 2018

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This memorandum will serve as the Division's response to the following subject audit findings and recommendations:

### **Finding 1: E-Verify Employment Eligibility Verification and Sexual Predator and Offender Searches**

According to Sections 45 and 46 of the Agreement, the Concessionaire is required to conduct Department of Homeland Security E-Verify Employment Eligibility Verification and Florida Department of Law Enforcement sexual predator and offender searches for all employees and subcontractors and keep a copy of the records in the personnel files. The Concessionaire provided Department of Homeland Security E-Verify Employment Eligibility Verification searches for seven employees. Of the seven searches, six were completed several months after the employees' hire dates and one was dated two weeks after the employee was hired. Per the Concessionaire, the E-Verify Employment Eligibility Verification search process was updated and searches are currently completed for all employees at the time of hire by the Concessionaire's payroll company. The Concessionaire provided a subsequent employee's E-Verify Employment Eligibility Verification search, which was completed on April 21, 2017, for an employee hired on April 15, 2017.

Upon request, the Concessionaire provided the sexual predator and offender searches through the Florida Department of Law Enforcement for seven employees during the audit period. Based on discussions with the Concessionaire, the searches were completed upon hire for all seven employees. However, this could not be verified since the search documentation did not include the search dates.

According to bank records, 16 additional individuals received payment as temporary staff during the peak season. The E-Verify Employment Eligibility Verification searches and the sexual predator and offender searches were not conducted for the temporary staff.

### **Recommendation**

We recommend the Division work with the Concessionaire to ensure that E-Verify Employment Eligibility Verification and Florida Department of Law Enforcement sexual predator and offender searches are conducted for all employees. These searches should be conducted at the time of hire, with dated documentation maintained in the Concessionaire's personnel files. This information should be verified and documented by the Park Manager during the Concessionaire's Quarterly Evaluations.

### **Division Response:**

*Agree. The park will work with the concessionaire to ensure compliance. The E-verify and sexual predator checks must be completed and sent in an email, with the documents attached, to the park prior to hiring. This email will give the documents a time stamp of when the search was completed.*

### **Finding 2: Payment Card Industry Data Security Standards Compliance**

Per Section 26(g) of the Agreement, the Concessionaire is required to submit a PCI DSS Self-Assessment Questionnaire to the Park Manager within 60 days after the execution of the Agreement or prior to the commencement of operations and on the anniversary of the execution date for the term of the Agreement. During the audit, the Concessionaire completed and provided a current PCI DSS Self-Assessment Questionnaire and Attestation document dated May 10, 2017. The Concessionaire's Quarterly Evaluations during this period indicated that the PCI DSS Compliance Self-Assessment was complete, current, and on file. According to the Park Manager and the Concessionaire, required PCI compliance documentation was not completed previously due to misunderstanding of the requirement.

### **Recommendation**

We recommend the Division ensure that the required PCI compliance documentation, which includes the PCI DSS Self-Assessment Questionnaire is completed annually by the Concessionaire and provided to the Park. Verification of the completed document should be accurately reflected in the Concessionaire's Quarterly Evaluations.

**Division Response:**

*Agree. The park will work with the concessionaire to ensure compliance.*

**Finding 3: Refunds and Voids**

Sections A and B of the Minimum Accounting Requirements require that refunds be supported by customer signed documents indicating receipt of the refund, the reason for the refund, the identity of the cashier making the refund, and the date and time of the refund. All refund transactions maintained electronically should be included in the ledger using separate entries. Voided transactions should include management approval, employee identification, and the reason for the void. All copies of refunds and voided receipts should be retained by the Concessionaire.

Concessionaire refunds are maintained electronically through the point of sale system. However, customer signed receipt documentation was not retained by the Concessionaire as required. Electronic records indicated the time and date for each refund but did not include the reason for all refunds and did not always identify the cashier making the refunds. Additionally, customer refunds were not recorded in the ledger using separate entries.

According to the Concessionaire, voided transactions are documented and approved by management. However, no documentation of voided receipts was provided for the audit period. The Concessionaire's lack of required refund documentation was noted by the Park Manager in the first three Concessionaire Quarterly Evaluations for the audit period. The final Concessionaire Quarterly Evaluation indicated that refunds were substantiated with a customer signed document using a rubber stamp and ledger.

**Recommendation**

We recommend the Division ensure the Concessionaire supports all refund transactions with customer signed sales slips indicating the receipt of refund, the reason for the refund, and identify the cashier making the refund. All refunds should be recorded in the ledger using separate entries as required in the Agreement. Voided transactions should indicate the reason for the transaction and identify the cashier making the transaction. Copies of all refunds and voided receipts should be retained by the Concessionaire. This circumstance should be accurately reflected in the Concessionaire's Quarterly Evaluation and addressed with the Concessionaire.

**Division Response:**

*Agree. The park will work with the concessionaire to ensure compliance. A rubber stamp will be used to stamp refund/void receipts. The information provided will include the signature of customer, to signify receipt of refund and the cashier ID who performed refund/void and date and time of refund/void. These transactions will be a separate line on the ledger.*

**Finding 4: Daily Sales Reporting**

Sections A.7 and B.1 of the Minimum Accounting Requirements state, daily cash register totals should be verified, at the end of the day, by a person not having access to cash. The Concessionaire shall clear or close all cash registers at the end of the day; and retain all tapes. For the two months sampled during the audit period, the Concessionaire's cash Drawer Reports were not always completed daily and were not initialed by a separate staff. For the two-month period, the documented expected collections were \$47,749.85, which exceeded the documented actual collections of \$46,702.79 for an overall shortage of \$1,047.06 (2%). Of the 93 Drawer Reports reviewed, 78 contained overage and shortage discrepancies which were not documented.

**Recommendation**

We recommend the Division work with the Concessionaire to ensure compliance with the Minimum Accounting Requirements. Cash registers should be closed at the end of the day, supported by register tapes, and initialed by a separate staff. Discrepancies between expected and actual collections should be documented and initialed by Concessionaire staff and management.

**Division Response:**

*Agree. The park will work with the concessionaire to ensure compliance.*

**Finding 5: Accuracy of Reported Revenue**

Section 26(d) of the Agreement requires that the Monthly Report of Gross Sales and annual Profit and Loss Statement be based on source documents and books of original entry. According to Section A.6 of the Minimum Accounting Requirements, daily entries

to account for gross sales and sales tax by point of sale and collection station shall be made to a ledger, journal, or automated entry. Entries shall equal amounts deposited. Source documents, shall be retained to support all gross sales and sales tax collections.

Based on our audit, there were several discrepancies between source documents accounting for the Concessionaire's gross sales. Total gross sales of \$332,863.42 reported on the Monthly Report of Concessionaire's Gross Sales for 2016 exceeded amounts recorded in the ledger by \$22,169.79. Gross sales recorded in the Concessionaire's 2016 annual Profit and Loss Statement, exceeded sales reported in the Monthly Report of Concessionaire's Gross Sales by \$22,611.29.

For the sampled months of March and April, gross sales reflected in the Point of Sales Report exceeded sales of product income recorded in the ledger. All sales transactions in the Point of Sales Reports were not supported using separate entries made to the ledger during the sampled months.

Section A.1 of the Minimum Accounting Requirements states, *the Concessionaire shall establish and maintain bank accounts (checking, savings, etc.) that are used solely for concession Agreement operations and are separate from any non-concession Agreement operations.* Based on discussions with the Concessionaire, the business expanded adding three additional concession operations external to the Department in 2016. During the Concessionaire's transition period, separate bank accounts were established for the additional concession operations by May 2016.

According to bank statements for 2016, deposits totaled \$364,429.99, which exceeded reported gross sales by \$31,566.57. Bank statement deposits included 19 electronic funds transfers totaling \$12,593. According to the ledger, nine were transfers from the Concessionaire's additional concession operations. In addition, for the two months sampled, all cash sales documented in the Drawer Reports and Point of Sale Reports were not deposited in the Concessionaire's bank account.

In addition, amounts reported in the DOR Monthly Sales Tax reports exceeded gross sales reported to the Department by \$88,676.37. Out of 12 months, gross sales were reported consistently to the Department and DOR for five months in 2016. According to the Concessionaire, this was due to the Concessionaire including additional concession operations revenue in the Park's reports to DOR.

## **Recommendation**

We recommend the Division work with the Concessionaire to ensure gross sales reported in the Monthly Report of Concessionaire's Gross Sales are consistently



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supported by books of original entry and source documents as required in the Agreement. These reports should agree with amounts reflected in annual Profit and Loss Statements, as well as the DOR Monthly Sales Tax reports. All daily sales transactions reported in the Monthly Report of Concessionaire's Gross Sales should be recorded in the ledger. Revenue reported should be equal to amounts deposited in the bank by period. The Division should also work with the Concessionaire to ensure bank accounts are used solely for the Concessionaire's operations under the Agreement as required.

**Division Response**

*Agree. The park will work with concessionaire to ensure compliance.*