

**Audit of Agreement with the  
Friends of Homosassa Springs Wildlife State Park, Inc.  
Citizen Support Organization**

**Division of Recreation and Parks**

**Report: A-2021DEP-010**

**Office of Inspector General**

**Internal Audit Section**

**Florida Department of Environmental Protection**

**September 7, 2021**

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

<https://floridadep.gov/>





Audit of Agreement with the Friends of Homosassa Springs Wildlife State Park, Inc.  
Citizen Support Organization  
Division of Recreation and Parks



Report: A-2021DEP-010

## Table of Contents

<b>Scope and Objectives .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Results .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>11</b>
<b>Findings and Recommendations.....</b>	<b>11</b>
<b>Management Comment .....</b>	<b>20</b>
<b>Division Response .....</b>	<b>22</b>

Report: A-2021DEP-010

The Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of the Division of Recreation and Parks (Division) Agreement with Friends of Homosassa Springs Wildlife State Park, Inc. (Agreement) Citizen Support Organization (CSO). This audit was initiated as a result of the Fiscal Year (FY) 2020-2021 Annual Audit Plan.

## **Scope and Objectives**

The scope of this audit included CSO financial records and activities in support of Ellie Schiller Homosassa Springs Wildlife State Park (Park) for the period beginning July 1, 2019.

The objectives were to:

- evaluate controls over CSO revenues and expenditures
- determine the CSO's compliance with the Agreement and applicable Division requirements
- evaluate Park management oversight of CSO activities

## **Methodology**

This audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Our procedures included review of authoritative documents, interviews with Park and Division staff and CSO representatives and review of Division and CSO records.

## **Background**

Under the Agreement, which was executed in March 2015, the CSO raises funds in support of the Park through membership dues, donations, and special events. Funds raised by the CSO are used to help support Park projects, maintenance, and renovations. Funds are also used

Report: A-2021DEP-010

for the coordination of special events. According to the CSO's 2020<sup>1</sup> Statement of Financial Position, reported total revenues were \$352,008.70 and operating expenses were \$258,608.18. In August 2019, the CSO was awarded \$150,000 by the Department for a Partnerships in Parks (PIP) joint funding effort for facility and interpretive exhibit upgrades to the Park visitor center.

## Results

According to the CSO's 2020 Statement of Financial Position, reported revenues and operating expenses for calendar year 2020 were as follows:

<b>2020 CSO Revenues and Expenses</b>		
<b>Revenues</b>		
Arts and Crafts Show		\$687.00
ATM Machine		\$645.00
Celebration of Lights		\$750.00
Fund Raiser		\$173.00
Memberships		\$11,605.00
Undesignated Donations		
Donation Boxes	\$9,075.05	
Donations	\$322,270.65	\$331,345.70
Designated Donations		
Manatee Fund	\$5,877.00	
Underwater Observatory	\$926.00	\$6,803.00
<b>Total Revenues</b>		<b>\$352,008.70</b>
<b>Operating Expenses</b>		
Accounting		\$13,000.00
Depreciation		\$16,618.84
Administrative Expenses		\$17,700.69
Park Maintenance & Equipment Expenses		
Maintenance & Repairs	\$138,861.69	
Equipment	\$4,745.75	
Garden Fund	\$687.60	\$144,295.04
Event Expenses		
Celebration of Lights	\$5,002.88	
Lu's Birthday	\$72.00	\$5,074.88
Animal Expenses		
Animal Enrichment	\$736.83	
Manatee Program Support	\$15,000.00	
Wildlife Exhibit Improvements	\$46,011.90	
Manatee Fund	\$170.00	\$61,918.73
<b>Total Operating Expenses</b>		<b>\$258,608.18</b>
<b>Income from Operations</b>		<b>\$93,400.52</b>

<sup>1</sup> The CSO's fiscal year begins on January 1 and ends on December 31.

Report: A-2021DEP-010

The CSO maintains a checking and money market account and has three certificates of deposits. Account ending balances as of December 2020 were as follows:

Accounts	Ending Balance
Checking	\$18,238.65
Money Market	\$517,748.03
Certificate of Deposit	\$76,976.09
Certificate of Deposit	\$77,340.03
Certificate of Deposit	\$101,945.05
Balance as of December 31, 2020	\$792,247.85

### Controls over Revenue and Expenditures

We compared amounts documented in the Statement of Financial Position to the general ledger, bank statements, and source documentation provided for the sampled month of December 2020. Based on our review, amounts reported in the Statement of Financial Position were generally consistent with the general ledger and bank statements and were supported by revenue and expense source documents with minor differences.

### Financial Policy

Chapter 2.12 of the Division's CSO Handbook recommends that CSOs address financial policies either in their Bylaws or through a separate stand-alone financial policy. The CSO does not have a separate financial policy. The CSO's Bylaws address the duties of the Treasurer and provide general references to Officers designated to sign on behalf of the CSO.

### CSO Revenues

Given the absence of an established financial policy, the Division's CSO Handbook provides a framework of recommended best practices for CSO financial activities. For cash handling procedures, Chapter 2.12 of the Division's CSO Handbook recommends that the CSO Board of Directors achieve an appropriate separation of duties. It is further recommended that *checks and cash are delivered to the deposit preparer with a log or machine tape. The depositor*

Report: A-2021DEP-010

*retains a deposit receipt and deposit slip copy and verifies the information is correct before leaving the bank.*

According to the CSO, revenues are generated from donations<sup>2</sup>, events, and membership dues. CSO donations are collected through cash, checks, and on-line payments through a PayPal account. Funds are collected as follows:

- A CSO volunteer collects funds from ten donation boxes.
- CSO volunteers collect membership fees at the Park Administrative Office and at events.
- Service fees generated from two ATMs at the Park are received through electronic funds transfer.
- A CSO volunteer collects revenue from three viewing machines and two penny presses located at the Park. The CSO has an agreement with an external vendor for the use of the viewing machines. The CSO retains 50 percent of viewing machine collections.
- The CSO also offers calendars for a suggested donation.

We reviewed financial activities during the sampled month of December 2020. For the sampled month, cash and check funds received from the donation boxes, calendars, membership fees, viewing machines, and penny presses were recorded on the CSO's Cash Intake/Deposit Report. However, the CSO's Cash Intake/Deposit Report does not include the signature or initials of the individual collecting the funds nor documentation of independent verification of the amounts. Two Cash Intake/Deposit Reports were completed during the month. We verified bank deposit receipts were consistent with documented amounts. During the sampled month, the CSO also received a single donation for \$100,000 which was not recorded on a Cash Intake/Deposit

---

<sup>2</sup>Revenue included private contributions, donation boxes, two penny press machines, three viewing machines, and two ATMs.

Report: A-2021DEP-010

Report. However, we verified the donated amount was consistent with the bank deposit receipt.

During our site visit, we verified that CSO funds are kept separate from the Park collections in a safe in a secure location. Based on interviews, Park staff do not handle CSO funds. The individual serving as CSO Treasurer makes bank deposits and reconciles collections, which are reviewed by the CSO's Certified Public Accountant.

### CSO Expenditures

According to the 2020 Annual Program Plan, the CSO's planned use of funds were to complete rebuilding boardwalks, install a manatee lift, renovate birds of prey and panther night houses and exhibits, restore the Garden of the Springs area, purchase plants, and make repairs to the ponton boats and deer exhibits.

Three individuals serving as CSO Officers have access to the CSO's debit cards. Of the 11 expenditures reviewed for the sampled month, all were supported by vendor receipts or invoices and appeared to be purchases consistent with the CSO's support for the Park. All expenditures were stamped and signed by the purchaser and an approver.

### Event Revenues and Expenditures

The CSO's Annual Program Plan includes the CSO's planned programs and events. We reviewed source documentation for a Haunted Tram Event held in October and the Celebration of Lights Event held in December 2019<sup>3</sup>. Both events were included on the 2019 Annual Program Plan. According to the CSO's Statement of Financial Position, combined revenues for both events totaled \$63,375, and combined expenditures were \$17,415.70. We verified amounts reported in the Statement of Financial Position were consistent with general ledger entries, bank

---

<sup>3</sup>No events were held in 2020 due to impacts from COVID-19.

Report: A-2021DEP-010

statements, and were supported by revenue and expenditure source documents with minor differences.

For event cash handling, the Division's CSO Handbook recommends documenting activities in a log sheet. The Division's CSO Handbook outlines responsibilities for separation of duties and documenting cash collections, reconciliations, and deposits. We reviewed Cash Intake/Deposit Reports for the two events. Based on our review, documented amounts collected were not signed or initialed by the individual collecting the funds nor an individual verifying the amounts. In addition, the CSO did not provide deposit slips for revenue collected from the events. However, the event Cash Intake/Deposit Report documented amounts were consistent with bank statement deposit entries. Expenditures related to the events were supported by vendor receipts or invoices and appeared to be purchases consistent with the event. All event expenditures were stamped and signed by the purchaser and an approver.

### Sales Tax

A portion of CSO revenue comes from two penny presses and three viewing machines located in the Park. According to Florida Department of Revenue (DOR) Sales and Use Tax Sales Amusement Machines GT-800020 (GT-800020) guidance document, sales tax is due on this revenue. The CSO considers all revenue donations and does not collect any sales tax.

### **CSO Compliance with Agreement and Division Requirements**

The CSO was established and operates in compliance with Section 258.015, F.S. Based on our audit, the following was noted:

- Not-For-Profit Corporation Annual Report: Paragraph 13 of the Agreement requires that the CSO file and renew the Not-For-Profit Corporation Annual Report annually with the



Report: A-2021DEP-010

Department of State in accordance with Section 617, F.S. We verified the report was filed as required.

- CSO Annual Report to the Legislature: According to Paragraph 14 of the Agreement, the CSO, Annual Report to the Legislature is due to the Division by July 1<sup>st</sup>. The Division documented that the report was received timely as required. We verified the report contained information required per the Agreement and Section 20.058, F.S.
- Public Information Requirement: Section 20.058, F.S. requires that the Department make information related to the CSO available to the public. We verified the Department's website provides a link to the CSO's website.
- CSO Code of Ethics: The CSO has an established Code of Ethics, which is posted on the CSO's website as required under Section 112.3251, F.S.
- Payment Card Industry (PCI) Data Security Standards (DSS): Chapter 4.11 of the Division's CSO Handbook requires the CSO comply with the PCI DSS when accepting PayPal donations. We verified the Self-Assessment Questionnaire and Certificate of Compliance had been completed by the CSO as required.

#### Annual Program Plan

Paragraph 5.b. of the Agreement requires the CSO to submit an Annual Program Plan on or before the end of the CSO's fiscal year. The 2020 Annual Program Plan was signed by the CSO President and approved by the Park Manager on December 29, 2019. The CSO's 2020 Annual Program Plan included a list of CSO planned events but did not include a description of the fundraising activities nor the locations of these activities in the Park.

#### Division Requirements Regarding CSO Events

Both events reviewed during the audit period were approved by the Park Manager and listed on the 2020 Annual Program Plan. Chapter 1.4 of the Operations Manual (OM) requires a written Essential Eligibility Criteria (EEC) for all Park events. The EEC document was not provided by the CSO for either event to verify that the EEC was available to participants.

Report: A-2021DEP-010

Chapter 1.4 of the OM requires the CSO to *obtain approval from the park manager, in writing, prior to any publicity being released about the special event*. The CSO advertised one event on a local publication. The CSO did not provide documented written approval for the release of publicity for the event.

### CSO Membership

Article IV of the CSO's Articles of Incorporation establishes that the qualification for membership is that *any person, including individuals, families, and corporation with an interest in the purposes of the corporation shall become a member upon payment of dues as provided by the bylaws*. According to the CSO's website, to become a member, individuals provide their contact information and pay a \$60 membership fee. In accordance with the Agreement, members are allowed 12 CSO member appreciation (entrance fee waiver) days per year as designated in writing by the Park Manager. On those days, CSO members in good standing and their families (children, siblings, and parents) may be admitted to the Park free for recreation purposes. We obtained the CSO's list of 112 members<sup>4</sup>. For the 11 individuals currently serving as Officers and Board Members, one was included on the membership list. Based on discussions with the Park and CSO representatives, individuals serving as CSO Officers are regular Park volunteers. The CSO sells \$60 membership passes to the general public to receive 12 free entries to the Park. Park management was unable to provide written approval for this practice.

---

<sup>4</sup> This list included members from July 2020 through June 2021.

Report: A-2021DEP-010

## **Management Oversight of CSO Activities**

### CSO Management Review and Independent Financial Audit

According to Chapter 1.4 of the OM, the Division must conduct a CSO Management Review for all CSOs below the annual expenditure limit of \$300,000 once every four years. Based on documentation provided by Park management, the CSO Management Review was conducted by the District in September 2015. The review reflected positive results. The Agreement requires that CSOs with annual expenditures exceeding \$300,000 must provide an independent financial audit. In 2019, the CSO's expenditures exceeded \$300,000. An independent financial audit was conducted on June 24, 2020, and was submitted to the Park. The report contained no findings.

### Volunteer Coordination

Chapter 5.1 of the Division's CSO Handbook requires that CSO Officers and Board Members sign a Volunteer Agreement annually and have a sexual predator and offender registration search on file. According to the Park's volunteer records, individuals serving as CSO Officers and Board Members are regular Park volunteers. We verified that the Park had a completed Volunteer Application and Agreement and required sexual predator and offender's registration search for all 11 volunteers.

Volunteer Program coordination is the joint responsibility of District and Park management. Based on discussions with Park management and CSO representatives, as well as review of CSO Board Meeting Minutes and the CSO's website, CSO representatives primarily function as regular service volunteers and are actively involved in organizing Park volunteer activities.

Report: A-2021DEP-010

### CSO Board Membership and Park Staff

Chapter 1.4 of the OM states, *park employees must not serve on the board or as an officer of their park's CSO, including as an ex-officio member. A spouse, relative, or dependent who resides with a park employee must not serve as a CSO officer (president, vice president, secretary, treasurer, etc.) with that park's CSO. However, these family members can serve as a board member or officer with a different park's CSO.* Based on our review of individuals serving as Board Members, one resides and is a relative with a Park employee.

### Donated Property

According to the CSO's Statement of Financial Position, the CSO claimed depreciation expenses of \$171,313.20 in 2019 and \$16,618.84 in 2020. The CSO's 2020 Annual Report to the Legislature included the CSO's 2019 Income Tax Form 990 with a Depreciation and Amortization Report of property owned by the CSO. Based on discussions with individuals serving as CSO Officers as well as Park staff, the CSO doesn't own any property. All property and equipment purchased by the CSO is donated to the Park. The Department's Administrative Procedures for Property Policy (ADM 320) requires that donated assets be capitalized in the accounting system by submitting a Donated Property form DEP 55-405. The CSO's 2019 Depreciation and Amortization Report listed 33 property items, of which, nine met the Department's thresholds for capitalization. None of these items were included on the Park's property item list.

### Compliance with Section 258.015(3), F.S. for PIP

Section 258.015(3), F.S., establishes PIP funding as incentive for partnerships with private organizations for projects that enhance the use and potential of the State Park system.

Report: A-2021DEP-010

Funding appropriated annually from the Land Acquisition Trust Fund (LATF) is to be used only as state matching funds. In conjunction with private donations in aggregates of at least \$60,000, will be matched by \$40,000 in state funds. In August 2019, the CSO was awarded \$150,000 by the Department for a PIP joint funding effort for facility and interpretive exhibit upgrades to the visitor center at the Park.

Based on the PIP Project Commencement Form, the CSO was to fund the Initial Concept Sketch and build-out facility improvements for the new exhibits. Department PIP funds were to be used for the Concept Design and Interior Improvement Recommendations as well as the Design Development and Final Design Report. In January 2020, the Division issued a purchase order totaling \$234,740 for both phases of the design. This purchase order represented project costs funded solely by the Department. Of the total, the Department approved five payments to the vendor totaling \$192,496.25. The CSO did not enter into an agreement with the Department for the required match funding. However, the CSO provided three receipts totaling \$12,000, in funding toward the concept design. At the time of our audit, the project has not been completed.

## **Conclusion**

The CSO was established and operates in compliance with Section 258.015, F.S. However, we noted control weaknesses in the area of revenues, sales tax collections, the Annual Program Plan, event EEC and release of publicity, CSO membership processes, CSO Board membership, donated property, and PIP funding requirements.

## **Findings and Recommendations**

### **Finding 1: Controls Over Cash Collections**

Chapter 2.12 of the Division's CSO Handbook recommends that CSOs address financial policies either in their Bylaws or through a separate stand-alone financial policy. The CSO's

Report: A-2021DEP-010

Bylaws address the duties of the Treasurer and provide references to Officers designated to sign on behalf of the CSO. The CSO has not established a separate financial policy.

The Division's CSO Handbook provides a framework of recommended best practices for CSO financial activities. For cash handling procedures, Chapter 2.12 of the Division's CSO Handbook recommends that the CSO Board of Directors achieve an appropriate separation of duties. It is recommended that *checks and cash are delivered to the deposit preparer with a log or machine tape. The depositor retains a deposit receipt and deposit slip copy and verifies the information is correct before leaving the bank.*

Based on discussions with CSO representatives and review of financial documentation, we noted control weaknesses in revenue collections. CSO volunteers collect funds from ten donation boxes, three viewing machines, and two penny presses located at the Park. During the audit period, funds collected were recorded on the CSO's Cash Intake/Deposit Report. However, the CSO's Cash Intake/Deposit Report does not require the signature or initials of the individual collecting funds nor documentation of independent verification of the amounts collected. During the sampled month, the CSO also received a single donation for \$100,000 which was not recorded on a Cash Intake/Deposit Report.

With respect to cash handling during events, the Division's CSO Handbook recommends *all movement of cash be documented in a log sheet for the event. All cash transactions have a receipt retained for audit purposes. Each person handling cash is assigned a cash box which is counted before and after his or her shift. Each person is responsible for his or her collections, receipts, and end of shift reconciliation reports. Any individual conducting sales does not prepare or have access to the final deposit and/or revenue report.* Further, the Division's CSO

Report: A-2021DEP-010

Handbook recommends that *all deposits be counted in dual control by staff, park staff, and/or a volunteer. The person verifying the deposit should place his or her initials on the deposit slip, documenting a second count, and a verification of the amount should be written on the deposit slip.* Based on our review of cash handling processes and Cash Intake/Deposit Reports for the two events held in October and December 2019, documented amounts collected were not signed or initialed by the individual collecting the funds nor an individual verifying the amounts. In addition, the CSO did not provide deposit slips for revenue collected from the events.

**Recommendation:**

We recommend the Division work with the Park to provide additional oversight of CSO fiscal activities. The CSO should establish a financial policy that outlines fiscal controls and responsibilities for all areas of cash collections and expenditures consistent with direction in the Division's OM and CSO Handbook.

**Finding 2: Sales Tax**

The Division's OM and CSO Handbook requires CSOs to adhere to DOR requirements for sales tax collections. According to the DOR Sales and Use Tax Sales Amusement Machines GT-800020 guidance document, *sales tax plus any applicable discretionary sales surtax, is due on the receipts generated through coin operated amusement machines, unless the receipts are exempt*<sup>5</sup>. CSO representatives indicated that all CSO revenues are considered donations. As such, the CSO does not collect nor remit sales tax from revenue generated from the two penny presses and three viewing machines.

---

<sup>5</sup> Exemptions include receipts from amusement machines operated by churches and synagogues.

Report: A-2021DEP-010

**Recommendation:**

We recommend that the Division and Park work with the CSO to ensure sales tax is collected for the operation of coin operated amusement machines as required by DOR. Sales tax plus any applicable discretionary sales surtax should be collected and paid to DOR on revenues generated through coin operated amusement machines.

**Finding 3: Agreement Requirements for the Annual Program Plan**

According to Paragraph 5.b. of the Agreement, *the Annual Program Plan shall include a complete plan as described in the CSO Handbook for all park improvement projects, activities, fundraisers, and events the CSO proposes. For any activities, programs or events anticipated to take place on Park property, the CSO's Annual Program Plan must also include the requested designation of the specific location, facilities, and time for each such use.* The CSO's 2020 Annual Program Plan included a list of CSO planned events but did not include a description of fundraising activities, such as the ATM, penny presses and viewing machines, and collection of donations, nor the locations of these activities in the Park.

**Recommendation**

We recommend the Division work with the Park and CSO to ensure the approved Annual Program Plan includes a description of all activities related to fundraising as well as the location of these activities as required in the Agreement.

**Finding 4: CSO Events**

Chapter 1.4 of the OM requires that once an *event is approved, the CSO must take the following steps: Understand the Essential Eligibility Criteria (EEC) and American Disabilities Act before planning the special event. A written EEC is required of all in-park events.* Based on



Report: A-2021DEP-010

our review of two events that took place in the Park in October and December 2019, the CSO did not provide a written EEC for either event demonstrating that the EEC was made available to event participants.

Chapter 1.4 of the OM requires that the CSO *obtain approval from the park manager, in writing, prior to any publicity being released about the special event.* The CSO advertised the event held in October 2019 in a local publication. However, the CSO did not provide written approval for the release of publicity for the event.

### **Recommendation**

We recommend the Division and Park work with the CSO to ensure that a written EEC is made available to participants for all events as required in the OM. We also recommend the Division and Park ensure that all event publicity is approved in writing by the Park Manager prior to release.

### **Finding 5: CSO Membership**

Article IV of the CSO's Articles of Incorporation states that, *the qualifications for members and the manner of their admission are that any persons, including individuals, families, and corporations with an interest in the purposes of the corporation shall become a member upon payment of dues as provided by the By-Laws.* Paragraph 1, Article IV of the CSO's Bylaws states, *the business and affairs of the Corporation shall be managed and controlled by the Board of Directors which shall consist of not less than seven (7) nor more than (20) persons, elected by the voting members from among their members.* Paragraph 8, Article IV of the CSO's Bylaws states, *at the first regular meeting of the Board of Directors in each year held next after the annual meeting of the members of the Corporation, the Board of Directors shall elect the*

Report: A-2021DEP-010

*officers of the Corporation.*

According to the CSO's website, to become a member, individuals provide their contact information and pay a \$60 membership fee. The Agreement states, *the Park Manager is authorized to allow up to twelve CSO member appreciation (entrance fee waiver) days per year; those days shall be designated in writing by the Park Manager. On those days, CSO members in good standing and their families (children, siblings, and parents) may be admitted to the Park free for recreation purposes.* Chapter 4.1 of the Division's OM states, *it is at the discretion of the park manager to determine how the CSO free days will be offered.* We obtained the CSO's current year list of 112 members. For the 11 individuals currently serving as CSO Officers and Board Members, one was included on the membership list. This individual serves as the Assistant Treasurer and paid a reduced membership fee of \$15. We also reviewed the prior year (2019) list of members. Two individuals currently serving as Board Members were included on the membership list and paid the membership fee in 2019.

According to the CSO's Board meeting minutes during the audit period, Board Members were nominated and elected by individuals who were not included on the list of CSO members with paid membership fees. CSO representatives indicated that annual elections for CSO Officers are held in December. However, the CSO was unable to provide the December Board meeting minutes documenting the individuals being nominated and elected and those who voted.

Regular Park volunteers serve as CSO Officers and Board Members. CSO representatives indicated that the CSO sells \$60 membership passes to the general public for 12 free entries to the Park<sup>6</sup>. Park management was unable to provide written approval for this practice. Income

---

<sup>6</sup> Regular Park entry fees are \$13 for adults, and \$5 for children ages six through 12.

Report: A-2021DEP-010

from membership passes totaled \$22,939 in 2019 and \$11,605 in 2020. By using the Agreement's provision for CSO appreciation days primarily as means of income rather than a member benefit of an organization supporting the Park, the CSO has diverted Park revenues and misused the purpose for which the CSO member free entry days were established by the Division. Further, since the CSO's list of members does not include those currently serving as Officers and Board Members, the Division has no assurance that those individuals are documented members consistent with the CSO's Articles of Incorporation or were elected by documented members consistent with the CSO's Bylaws.

### **Recommendation**

We recommend the Division work with the Park and CSO to discontinue practices that misrepresent CSO membership, misuse the Division's provision for appreciation free entry days and divert regular Park revenue to the CSO. The means by which CSO member free entry days are offered should be approved in writing by the Park Manager. In addition, we recommend the Division and Park work with CSO members to ensure that those serving as Officers and Board Members are documented members in accordance with the Articles of Incorporation and elected by members in accordance with the Bylaws.

### **Finding 6: CSO Board Membership and Park Staff**

Chapter 1.4 of the OM states, *park employees must not serve on the board or as an officer of their park's CSO, including as an ex-officio member. A spouse, relative, or dependent who resides with a park employee must not serve as a CSO officer (president, vice president, secretary, treasurer, etc.) with that park's CSO. However, these family members can serve as a*

Report: A-2021DEP-010

*board member or officer with a different park's CSO.* Based on our review, one individual serving as a Board Member resides with and is a relative with a Park employee.

### **Recommendation**

We recommend the Division work with the Park to ensure that spouses, relatives, or dependents residing with Park staff do not serve as an Officer or Board Member of the Park's CSO.

### **Finding 7: Donated Property**

According to the CSO's Statement of Financial Position, the CSO claimed depreciation expenses of \$171,313.20 in 2019 and \$16,618.84 in 2020. The CSO's 2020 Annual Report to the Legislature included the CSO's 2019 Income Tax Form 990 with a Depreciation and Amortization Report of property owned by the CSO. Based on discussions with individuals serving as CSO Officers as well as Park staff, the CSO doesn't own any property. All property and equipment purchased by the CSO is donated to the Park. According to the Department's Administrative Procedures for Property Policy (ADM 320), *donated assets whose fair market value reach the established threshold will be capitalized in the accounting system upon submittal of a completed Donated Property form, DEP 55-405, to the Finance and Accounting Property Section.* Assets are reported under capitalization categories and thresholds.

The CSO's 2019 Depreciation and Amortization Report listed 33 property items, of which, nine met the Department's thresholds for capitalization. These items were as follows:

Report: A-2021DEP-010

CSO Property from the 2019 Depreciation and Amortization Report	
Description	Cost
Bobcat	\$15,008
Riding Lawn Mower	\$6,879
Electric Motor (Spare)	\$5,652
Yamaha Golf Cart 2012	\$5,770
Yamaha Adventure Golf Cart 2017	\$7,170
Deer Boardwalk	\$103,977
Bear Transport Cage	\$12,950
Panther Transport Crate	\$6,250
Lull Forklift	\$154,388

None of these items were included on the Park's property item list. Based on our inquiry, Park management was unable to provide documentation to verify that the Donated Property form, DEP 55-405 had been completed and submitted for items meeting thresholds for capitalization.

### **Recommendation**

We recommend the Division work with the Park to ensure that any property donated by the CSO is capitalized according to the Department's Administrative Procedures for Property Policy (ADM 320). Further, we recommend the Division and Park work with the CSO to discontinue reporting depreciation expense for property which has been donated.

### **Finding 8: PIP Requirements**

Section 258.015(3), F.S., establishes PIP funding as incentive for partnerships with private organizations for projects that enhance the use and potential of the State Park system. Funding appropriated annually from the LATF is to be used only as state matching funds. In conjunction with private donations in aggregates of at least \$60,000, will be matched by \$40,000 in state funds. State funds from the LATF or other appropriate funding sources is to be used for matching private donations for 40 percent of the projects' costs. In August 2019, the CSO was awarded \$150,000 by the Department for a PIP joint funding effort under for facility and interpretive exhibit upgrades to the visitor center at the Park.

Report: A-2021DEP-010

Based on the PIP Project Commencement Form signed by the District Director on March 4, 2019, the CSO was to fund the Initial Concept Sketch and build-out facility improvements for the new exhibits. Department PIP funds were to be used for the Concept Design and Interior Improvement Recommendations as well as the Design Development and Final Design Report. In January 2020, the Division issued a purchase order totaling \$234,740 for both phases of the design. This purchase order represented project costs funded solely by the Department. Of the total, the Department approved five payments to the vendor totaling \$192,496.25. The CSO provided three receipts totaling \$12,000, in funding toward the concept design.

According to Chapter 1.4. of the OM, *all PIP projects must be completed within eighteen (18) months of receiving approval for funding by the Bureau of Financial Management.* Based on our review, the project was not completed. Although the PIP Project Commencement Form was signed by an individual serving as the CSO President, there was no formal agreement established between the Division and the CSO for the project or required funding commitment.

### **Recommendation**

We recommend that the Division work with the District, Park, and CSO to ensure that the CSO provides funding for 60% of the project costs as required under Section 258.015(3), F.S. Going forward, the Division should ensure that any funding for PIP projects be part of a written agreement for the project with required match commitment from the CSO.

### **Management Comment**

#### **Volunteer Coordination**

Volunteer Program coordination is the joint responsibility of District and Park management. In order to become a volunteer, individuals must complete a Division Volunteer Application and work with Park management for orientation and training. The Park Volunteer

Report: A-2021DEP-010

Coordinator maintains all necessary documents and oversees the Volunteer Program. Based on discussions with Park management and CSO representatives, as well as review of CSO Board Meeting Minutes and the CSO's website, CSO representatives primarily function as regular service volunteers and are actively involved in organizing Park volunteer activities. With respect to volunteer opportunities in the Park, the CSO's website does not make a clear distinction between the CSO's and the Park's role in coordinating volunteer activities. Further, the CSO's website directs viewers interested in becoming a volunteer to fill out an online form that is not part of the Division's Volunteer Program. While the CSO volunteer involvement is a valuable asset to the Park, the Division and Park would benefit from working with the CSO to distinguish the CSO's support of the Park separate from the Division's Volunteer Program on their website.

*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  
3900 Commonwealth Boulevard  
Tallahassee, FL 32399

**Ron DeSantis**  
Governor

**Jeanette Nuñez**  
Lt. Governor

**Shawn Hamilton**  
Interim Secretary

## Memorandum

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

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

**SUBJECT:** Audit of Agreement with the Friends of Homosassa Springs Wildlife State Park, Inc. Citizen Support Organization

**DATE:** September 7, 2021

---

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

### **Finding 1: Controls Over Cash Collections**

Chapter 2.12 of the Division's CSO Handbook recommends that CSOs address financial policies either in their Bylaws or through a separate stand-alone financial policy. The CSO's Bylaws address the duties of the Treasurer and provide references to Officers designated to sign on behalf of the CSO. The CSO has not established a separate financial policy.

The Division's CSO Handbook provides a framework of recommended best practices for CSO financial activities. For cash handling procedures, Chapter 2.12 of the Division's CSO Handbook recommends that the CSO Board of Directors achieve an appropriate separation of duties. It is recommended that checks and cash are delivered to the deposit preparer with a log or machine tape. The depositor retains a deposit receipt and deposit slip copy and verifies the information is correct before leaving the bank.

Based on discussions with CSO representatives and review of financial documentation, we noted control weaknesses in revenue collections. CSO volunteers collect funds from ten donation boxes, three viewing machines, and two penny presses located at the Park. During the audit period, funds collected were recorded on the CSO's Cash Intake/Deposit Report. However, the CSO's Cash Intake/Deposit Report does not



require the signature or initials of the individual collecting funds nor documentation of independent verification of the amounts collected. During the sampled month, the CSO also received a single donation for \$100,000 which was not recorded on a Cash Intake/Deposit Report.

With respect to cash handling during events, the Division's CSO Handbook recommends all movement of cash be documented in a log sheet for the event. All cash transactions have a receipt retained for audit purposes. Each person handling cash is assigned a cash box which is counted before and after his or her shift. Each person is responsible for his or her collections, receipts, and end of shift reconciliation reports. Any individual conducting sales does not prepare or have access to the final deposit and/or revenue report. Further, the Division's CSO Handbook recommends that all deposits be counted in dual control by staff, park staff, and/or a volunteer. The person verifying the deposit should place his or her initials on the deposit slip, documenting a second count, and a verification of the amount should be written on the deposit slip. Based on our review of cash handling processes and Cash Intake/Deposit Reports for the two events held in October and December 2019, documented amounts collected were not signed or initialed by the individual collecting the funds nor an individual verifying the amounts. In addition, the CSO did not provide deposit slips for revenue collected from the events.

**Recommendation:**

We recommend the Division work with the Park to provide additional oversight of CSO fiscal activities. The CSO should establish a financial policy that outlines fiscal controls and responsibilities for all areas of cash collections and expenditures consistent with direction in the Division's OM and CSO Handbook.

**Division Response:** The Division concurs. The CSO is establishing a standalone financial policy to be completed by September 30, 2021.

**Finding 2: Sales Tax**

The Division's OM and CSO Handbook requires CSOs to adhere to DOR requirements for sales tax collections. According to the DOR Sales and Use Tax Sales Amusement Machines GT-800020 guidance document, sales tax plus any applicable discretionary sales surtax, is due on the receipts generated through coin operated amusement machines, unless the receipts are exempt<sup>5</sup>. CSO representatives indicated that all CSO revenues are considered donations. As such, the CSO does not collect nor remit sales tax from revenue generated from the two penny presses and three viewing machines.

**Recommendation:**

We recommend that the Division and Park work with the CSO to ensure sales tax is collected for the operation of coin operated amusement machines as required by DOR. Sales tax plus any applicable discretionary sales surtax should be collected and paid to DOR on revenues generated through coin operated amusement machines.

**Division Response:** The Division concurs. The CSO is coordinating with their CPA to collect sales tax on coin operated machines and is inquiring to see if any payment of back taxes will be required. The coin operated machines are currently disabled for visitor use. The resolution of sales tax collection will be completed by September 30, 2021.

**Finding 3: Agreement Requirements for the Annual Program Plan**

According to Paragraph 5.b. of the Agreement, the Annual Program Plan shall include a complete plan as described in the CSO Handbook for all park improvement projects, activities, fundraisers, and events the CSO proposes. For any activities, programs or events anticipated to take place on Park property, the CSO's Annual Program Plan must also include the requested designation of the specific location, facilities, and time for each such use. The CSO's 2020 Annual Program Plan included a list of CSO planned events but did not include a description of fundraising activities, such as the ATM, penny presses and viewing machines, and collection of donations, nor the locations of these activities in the Park.

**Recommendation:**

We recommend the Division work with the Park and CSO to ensure the approved Annual Program Plan includes a description of all activities related to fundraising as well as the location of these activities as required in the Agreement.

**Division Response:** The Division concurs. Going forward, the Annual Program Plan will include description of activities related to fundraising and the fundraising locations.

**Finding 4: CSO Events**

Chapter 1.4 of the OM requires that once an event is approved, the CSO must take the following steps: Understand the Essential Eligibility Criteria (EEC) and American Disabilities Act before planning the special event. A written EEC is required of all in-park events. Based on our review of two events that took place in the Park in October and December 2019, the CSO did not provide a written EEC for either event demonstrating that the EEC was made available to event participants.

Chapter 1.4 of the OM requires that the CSO obtain approval from the park manager, in writing, prior to any publicity being released about the special event. The CSO advertised the event held in October 2019 in a local publication. However, the CSO did not provide written approval for the release of publicity for the event.

**Recommendation:**

We recommend the Division and Park work with the CSO to ensure that a written EEC is made available to participants for all events as required in the OM. We also recommend the Division and Park ensure that all event publicity is approved in writing by the Park Manager prior to release.

**Division Response:** The Division concurs. The EEC will be established for each of the Parks CSO events. The Park Manager provided the CSO a memo authorizing the publicity of certain yearly events.

**Finding 5: CSO Membership**

Article IV of the CSO's Articles of Incorporation states that, the qualifications for members and the manner of their admission are that any persons, including individuals, families, and corporations with an interest in the purposes of the corporation shall become a member upon payment of dues as provided by the By-Laws. Paragraph 1, Article IV of the CSO's Bylaws states, the business and affairs of the Corporation shall be managed and controlled by the Board of Directors which shall consist of not less than seven (7) nor more than (20) persons, elected by the voting members from among their members. Paragraph 8, Article IV of the CSO's Bylaws states, at the first regular meeting of the Board of Directors in each year held next after the annual meeting of the members of the Corporation, the Board of Directors shall elect the officers of the Corporation.

According to the CSO's website, to become a member, individuals provide their contact information and pay a \$60 membership fee. The Agreement states, the Park Manager is authorized to allow up to twelve CSO member appreciation (entrance fee waiver) days per year; those days shall be designated in writing by the Park Manager. On those days, CSO members in good standing and their families (children, siblings, and parents) may be admitted to the Park free for recreation purposes. Chapter 4.1 of the Division's OM states, it is at the discretion of the park manager to determine how the CSO free days will be offered. We obtained the CSO's current year list of 112 members. For the 11 individuals currently serving as CSO Officers and Board Members, one was included on the membership list. This individual serves as the Assistant Treasurer and paid a reduced membership fee of \$15. We also reviewed the prior year (2019) list of

members. Two individuals currently serving as Board Members were included on the membership list and paid the membership fee in 2019.

According to the CSO's Board meeting minutes during the audit period, Board Members were nominated and elected by individuals who were not included on the list of CSO members with paid membership fees. CSO representatives indicated that annual elections for CSO Officers are held in December. However, the CSO was unable to provide the December Board meeting minutes documenting the individuals being nominated and elected and those who voted.

Regular Park volunteers serve as CSO Officers and Board Members. CSO representatives indicated that the CSO sells \$60 membership passes to the general public for 12 free entries to the Park. Park management was unable to provide written approval for this practice. Income from membership passes totaled \$22,939 in 2019 and \$11,605 in 2020. By using the Agreement's provision for CSO appreciation days primarily as means of income rather than a member benefit of an organization supporting the Park, the CSO has diverted Park revenues and misused the purpose for which the CSO member free entry days were established by the Division. Further, since the CSO's list of members does not include those currently serving as Officers and Board Members, the Division has no assurance that those individuals are documented members consistent with the CSO's Articles of Incorporation or were elected by documented members consistent with the CSO's Bylaws.

**Recommendation:**

We recommend the Division work with the Park and CSO to discontinue practices that misrepresent CSO membership, misuse the Division's provision for appreciation free entry days and divert regular Park revenue to the CSO. The means by which CSO member free entry days are offered should be approved in writing by the Park Manager. In addition, we recommend the Division and Park work with CSO members to ensure that those serving as Officers and Board Members are documented members in accordance with the Articles of Incorporation and elected by members in accordance with the Bylaws.

**Division Response:** The Division concurs. The CSO is currently establishing an updated CSO membership pamphlet that will include the benefits associated with becoming a CSO member. Going forward, the membership appreciation days will be conveyed to the prospective CSO member as a direct benefit of supporting the Park, along with other benefits associated with becoming a member. The Park Manager provided the CSO a memo authorizing members and their families twelve membership

appreciation days. In addition, CSO Officers and Board Members will be documented members that will pay the yearly dues established in the CSO's financial policy and in the future, Board of Directors officers will be elected by voting members of the CSO. The membership pamphlet will be completed by October 31, 2021.

**Finding 6: CSO Board Membership and Park Staff**

Chapter 1.4 of the OM states, park employees must not serve on the board or as an officer of their park's CSO, including as an ex-officio member. A spouse, relative, or dependent who resides with a park employee must not serve as a CSO officer (president, vice president, secretary, treasurer, etc.) with that park's CSO. However, these family members can serve as a board member or officer with a different park's CSO. Based on our review, one individual serving as a Board Member resides with and is a relative with a Park employee.

**Recommendation:**

We recommend the Division work with the Park to ensure that spouses, relatives, or dependents residing with Park staff do not serve as an Officer or Board Member of the Park's CSO.

**Division Response:** The Division concurs. The individual has been removed from the CSO Board of Directors by the current President of the CSO.

**Finding 7: Donated Property**

According to the CSO's Statement of Financial Position, the CSO claimed depreciation expenses of \$171,313.20 in 2019 and \$16,618.84 in 2020. The CSO's 2020 Annual Report to the Legislature included the CSO's 2019 Income Tax Form 990 with a Depreciation and Amortization Report of property owned by the CSO. Based on discussions with individuals serving as CSO Officers as well as Park staff, the CSO doesn't own any property. All property and equipment purchased by the CSO is donated to the Park. According to the Department's Administrative Procedures for Property Policy (ADM 320), donated assets whose fair market value reach the established threshold will be capitalized in the accounting system upon submittal of a completed Donated Property form, DEP 55-405, to the Finance and Accounting Property Section. Assets are reported under capitalization categories and thresholds.

The CSO's 2019 Depreciation and Amortization Report listed 33 property items, of which, nine met the Department's thresholds for capitalization. These items were as follows:

CSO Property from the 2019 Depreciation and Amortization Report	
Description	Cost
Bobcat	\$15,008
Riding Lawn Mower	\$6,879
Electric Motor (Spare)	\$5,652
Yamaha Golf Cart 2012	\$5,770
Yamaha Adventure Golf Cart 2017	\$7,170
Deer Boardwalk	\$103,977
Bear Transport Cage	\$12,950
Panther Transport Crate	\$6,250
Lull Forklift	\$154,388

None of these items were included on the Park’s property item list. Based on our inquiry, Park management was unable to provide documentation to verify that the Donated Property form, DEP 55-405 had been completed and submitted for items meeting thresholds for capitalization.

**Recommendation:**

We recommend the Division work with the Park to ensure that any property donated by the CSO is capitalized according to the Department’s Administrative Procedures for Property Policy (ADM 320). Further, we recommend the Division and Park work with the CSO to discontinue reporting depreciation expense for property which has been donated.

**Division Response:** The Division concurs. The CSO has contacted the CPA to remove property items in order to discontinue reporting of depreciation. The Division submitted the required property transfer forms.

**Finding 8: PIP Requirements**

Section 258.015(3), F.S., establishes PIP funding as incentive for partnerships with private organizations for projects that enhance the use and potential of the State Park system. Funding appropriated annually from the LATF is to be used only as state matching funds. In conjunction with private donations in aggregates of at least \$60,000, will be matched by \$40,000 in state funds. State funds from the LATF or other appropriate funding sources is to be used for matching private donations for 40 percent of the projects’ costs. In August 2019, the CSO was awarded \$150,000 by the Department for a PIP joint funding effort under for facility and interpretive exhibit upgrades to the visitor center at the Park.

Based on the PIP Project Commencement Form signed by the District Director on March 4, 2019, the CSO was to fund the Initial Concept Sketch and build-out facility improvements for the new exhibits. Department PIP funds were to be used for the Concept Design and Interior Improvement Recommendations as well as the Design Development and Final Design Report. In January 2020, the Division issued a purchase order totaling \$234,740 for both phases of the design. This purchase order represented project costs funded solely by the Department. Of the total, the Department approved five payments to the vendor totaling \$192,496.25. The CSO provided three receipts totaling \$12,000, in funding toward the concept design.

According to Chapter 1.4. of the OM, all PIP projects must be completed within eighteen (18) months of receiving approval for funding by the Bureau of Financial Management. Based on our review, the project was not completed. Although the PIP Project Commencement Form was signed by an individual serving as the CSO President, there was no formal agreement established between the Division and the CSO for the project or required funding commitment.

**Recommendation:**

We recommend that the Division work with the District, Park, and CSO to ensure that the CSO provides funding for 60% of the project costs as required under Section 258.015(3), F.S. Going forward, the Division should ensure that any funding for PIP projects be part of a written agreement for the project with required match commitment from the CSO.

**Division Response:** The Division concurs. The Division will ensure that any funding for PIP projects be part of a written agreement for the project with required match commitment from the CSO. The CSO will have a money market CD established to fund the remainder of the project costs by October 31, 2021.