



## Department of Environmental Protection Office of Inspector General

April 29, 2025

Report A-2324DEP-024

### *Audit of Agreement CA-1116 with University Bicycle Center*

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement CA-1116 (Agreement) between the Division of Recreation and Parks (Division) and University Bicycle Center, Inc., (Concessionaire) at Alafia River State Park (Park). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2023-2024.

#### **AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of the audit included Concessionaire activities and financial records during the term of the Agreement beginning January 1, 2023, to present.

The objectives of the audit were to:

1. Determine the accuracy of reported gross sales.
2. Determine whether the Concessionaire is operating in compliance with the Agreement.
3. Evaluate Park Management oversight of the Concessionaire's activities and performance.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, and internal operating procedures.
- Conducting analyses of Concessionaire and Division records to include Concessionaire activities and financial documents.
- Interviewing the Concessionaire, Park Manager, and Division staff.

#### **BACKGROUND**

The Agreement was executed on February 28, 2017, with an expiration date of December 31, 2022. The expiration date was later extended to December 31, 2027, via an amendment executed in August 2021. The original Agreement authorized the Concessionaire to provide recreational equipment rentals, food and beverage services (including selling alcoholic beverages), and merchandise resale. The Amendment added additional services to include mountain biking skills clinics, and special event management services at the Park.

According to the Amendment, the Concessionaire will pay the Department a commission fee equal to 7% of Total Gross Sales, but not less than \$20,000 annually from January 1, 2023, through December 31, 2027. Total Gross Sales are defined as all sales of goods and permissible services generated as a result of the Concessionaire's Services at or

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associated with the Park. Total Gross Sales do not include sales tax collected, gratuities, funds from food consumed by the Concessionaire's employees, pass through fees, or funds that were collected but have been refunded to the customer. The Concessionaire is required to submit a Monthly Report of Concessionaire's Total Gross Sales (Monthly Report) to the Division by the 10<sup>th</sup> of each month. The Concessionaire's monthly commission fee and any other fees or payments due (Monthly Payment) are required to be submitted to the Park Manager no later than the 20<sup>th</sup> of each month.

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### **RESULTS OF AUDIT**

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During the audit, we reviewed documentation provided by the Concessionaire and the Division to determine compliance with the Agreement. Based on our review, we found the following:

#### **Accuracy of Reported Gross Sales**

To determine the accuracy of reported gross sales, we compared the amounts reported on the Monthly Reports, the Department of Revenue's Sales Tax Reports (DR-15 Reports), and the Concessionaire's General Ledger. The chart below outlines the total amounts reported for 2023.

Reported Gross Sales 2023			
Report	Monthly Reports	DR-15 Report	General Ledger
Total Reported	\$404,013.02	\$402,541.70	\$384,161.15

Based on our review, the sales reported on the Monthly Reports and the DR-15 Reports were generally consistent with a difference of \$1,471.32. We found that the difference occurred because the DR-15 Reports did not include income from subcontractors. However, we found that the General Ledger's total sales were \$19,851.87 less than the amount reported to the Department. Based on our review, we found that the discrepancy between the Monthly Reports and the Concessionaire's General Ledger appeared to be due to the process of recording sales. The General Ledger entries were based on the amounts deposited into the bank rather than actual amounts collected from daily point-of-sale transactions. The bank deposits from point-of-sale transactions included processing fees and were less than the total amount of sales. Additionally, we determined that the Concessionaire did not deposit all cash collected from sales in its entirety. We also reviewed point-of-sale source documentation for February and March 2024. We determined the Concessionaire's General Ledger was not consistent with the amounts reported (see chart below).

Sales for February and March 2024			
Month/Year	Monthly Report	General Ledger	Point-of-sale
February 2024	\$36,437.83	\$36,714.37	\$36,442.40
March 2024	\$48,178.86	\$41,986.62	\$48,185.35
TOTAL	\$84,616.69	\$78,700.99	\$84,627.75

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Based on our review, we determined that although not supported by the Concessionaire's General Ledger, the total gross sales reported to the Department were generally consistent when compared to the point-of-sale source documentation.

**Agreement Compliance**

**Compensation and Monthly Payment**

According to the Amendment, the Concessionaire will pay the Department a commission fee equal to 7% of Total Gross Sales, but not less than \$20,000 annually. Based on our review, we found that commission fees paid to the Department appeared to equal 7% of the revenues reported.

**Limited Engagement Documents**

According to the Amendment, the Concessionaire was required to provide the Department an Annual Profit and Loss Statement of financial operations for the previous calendar year. The Annual Profit and Loss Statement was to be submitted to the Division's Park Business Development Section, in the form attached to the Agreement, marked as Exhibit E. Our review found the Concessionaire submitted an Annual Profit and Loss Statement for 2023; however, it was not on the required form. Additionally, we found that the reported amounts for Total Sales, Sales Tax, and Total Gross Sales were not consistent with the Monthly Reports or the DR-15 Report but were consistent with the General Ledger (see chart below).

Total Gross Sales Reported	
Report	Total Gross Sales
Monthly Reports	\$404,013.02
DR-15 Report	\$402,541.70
Profit and Loss Statement	\$384,549.37
General Ledger	\$384,161.15

According to the Amendment, if the Total Gross Sales exceed \$400,000 annually, the Concessionaire *shall obtain and submit, at its sole cost and expense, a limited engagement document, prepared in accordance with the Agreed - Upon Procedures for a Certified Public Accountant as stated in Exhibit F, attached hereto and incorporated herein. Such limited engagement document shall be conducted in accordance with generally accepted auditing and accounting principles.* The Limited Engagement Document is due no later than June 30<sup>th</sup> of the following calendar year. Based on the Monthly Reports submitted to the Department and the DR-15 reported to the Department of Revenue, the Concessionaire's Total Gross Sales were over \$400,000 and the Concessionaire was required to submit a Limited Engagement Document for 2023. However, the Concessionaire did not obtain or provide this document. The Concessionaire stated that according to their General Ledger, the 2023 gross sales did not exceed \$400,000.

**Concessionaire Accounts and Transfers**

According to the Agreement, the Concessionaire must maintain bank accounts that are solely for the operations outlined in the Agreement. The Concessionaire maintains one checking account (Agreement Account) and one Certificate of Deposit, both designated

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for services under this Agreement. Based on interviews, we found that the Agreement Account is used as a passthrough account for the Concessionaire's main business account. All merchandise, equipment, and personnel at the Park are paid from the Concessionaire's main business account, and monthly percentages are transferred from the Agreement Account to the main business account.

**Vendor Invoices and Payment Receipts**

The Agreement states that *purchases shall always be supported by vendor invoices and cancelled checks payable to either the vendor or the imprest fund. Receipts for purchases shall be maintained.* According to the General Ledger, the following categories are monthly reimbursements to the Concessionaire's main business account: *Direct Material Sold, 15% Rental Fee, Rental Software, Security Monitoring Service, 5.5% of Sales for Admin Salaries, and 15.5% of Sales for Direct Labor Wages.* Based on our review of the Concessionaire's General Ledger, we determined that from January 2023 to April 2024, \$279,960.79 was to be transferred for the reimbursements. However, we found that the amount transferred to the Concessionaire's main business account totaled \$308,227.92 and included reimbursements for previous fiscal years, with some months having multiple entries. For example, September 2022 reimbursements were recorded in the General Ledger six separate times and were transferred on the following dates: November 1, 2023, November 14, 2023, twice on February 14, 2024, and twice on April 2, 2024. The OIG requested copies of the invoices from the Concessionaire to verify the reimbursements for the sample months of February and March 2024. Based on our review, we found that the amounts on the vendor invoices were not the same as the amounts paid. (See chart below)

Monthly Payments			
Month	Amount Paid	Vendor Invoice	Difference
February 2024	\$12,027.73	\$17,637.72	-\$5,609.99
March 2024	\$29,276.74	\$22,464.79	\$6,811.95

Additionally, we found vendor payments marked Contract Labor in the Concessionaire's General Ledger. We inquired about the purpose of the labor and requested the invoices for the payments. According to the Concessionaire, the Contract Labor was used to perform odd jobs around the Park, and the Concessionaire did not obtain invoices or receipts from the contractors. Based on our review, we found that the Concessionaire did not retain all vendor invoices and receipts for the sample months, and invoices from the Concessionaire's main business were not consistent with the amounts paid.

**Point-of-sale Minimum Requirements**

According to the Agreement, the point-of-sale system used by the Concessionaire must, at minimum, include a sequential numbering system and *each transaction shall be date stamped and timed, identify the cashier making the transaction, and provide sequential numbered printed receipts for each transaction.* Based on our review of the documentation provided, we determined that the transactions were not in a sequential numbering order and did not provide a time stamp for when each transaction occurred.

### Refunds

The Agreement requires that documentation for customer refunds must include *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*. Although the Concessionaire stated that the documentation for refunds was not retained, some documented refunds were found in the register and online transactions for the sample months. Based on our review, we found that electronically documented customer refunds did not always include reasons for the refund, identify the cashier making the refund, or provide a time stamp for when the refund occurred. Based on our review of the sample months, we found the following.

Customer Refunds		
Month/Year	Total Number	Total of Refunds
February 2024	29	\$2,121.16
March 2024	38	\$2,398.46
<b>TOTAL</b>	<b>67</b>	<b>\$4,519.62</b>

The Amendment states that the Concessionaire's Monthly Reports submitted to the Department *will contain the required details* for each report. The Monthly Report requires the Concessionaire to report on the number and total amount of customer refunds. Based on our review of the Monthly Reports, we found that the Concessionaire did not report any customer refunds during the scope of the audit.

### Purchasing Card Industry

According to the Amendment, the Concessionaire must comply with the Purchasing Card Industry (PCI) Data Security Standards to enhance payment account data security. The Concessionaire must provide the Department with a Self-Assessment Questionnaire, (SAQ) verifying the compliance, which is due *annually on the anniversary of the Agreement commencement*. The PCI/SAQ was due to the Department on February 28, 2024. Based on our review, we found that the Department requested a current PCI/SAQ on May 31, 2024, and again on June 19, 2024. A notification of non-compliance was issued to the Concessionaire on July 17, 2024, due to the Concessionaire not responding to the Department's repeated requests. The Concessionaire submitted an updated SAQ to the Department dated July 22, 2024.

### Utilities

According to the Agreement, the Concessionaire is responsible for the costs of all utilities including electricity, water, and garbage, which was to be paid directly to the provider. Based on interviews with the previous Park Manager, we found the Concessionaire was not paying utilities directly to the provider in accordance with the Agreement. Instead, the Concessionaire was using the Park's utilities. Based on our review of the Monthly Reports, we found that the Concessionaire began paying a Utility Fee to the Park in December 2023 in the amount of \$200.00 a month. However, we found that the utility requirements were not amended in the Agreement to include a Utility Fee to the Park.

### Environmental Protection, Safety, and Maintenance and Repair Plans

According to the Agreement, the Concessionaire is required to submit a Maintenance and Repair Plan, an Environmental Protection Plan, and a Safety Plan to the Department for



approval. Additionally, the Safety Plan must be revised and approved annually by the Park Manager and the Department's Safety Officer. Based on our review, we found that the Department approved the plans required by the Agreement.

#### Liability Waivers

According to the Agreement, the Concessionaire shall ensure that each rental customer or their parent or guardian, sign a liability waiver. Additionally, the Concessionaire's Safety/Emergency Preparedness Manual, which was approved by the Park, states *each participant must complete and sign an individual waiver*, and an Electronic Rental Waiver is included in the manual. We requested the signed waivers for the sample months of February and March 2024; however, the Concessionaire stated that there were no signed waivers available. We determined that, prior to paying for rentals online, customers must check a box indicating that they accept the University Bicycle Center Terms and Conditions. Based on correspondence with the Concessionaire, we were informed that checking the box on the website at the time of booking was the waiver signature. Our review noted that more than one bicycle could be rented online in the same reservation and that only the person making the reservation would be checking the box instead of each rental customer, as required.

#### Capital Improvements

According to the Amendment, \$20,000 in Capital Improvements were to be completed no later than December 31, 2023. Based on our review, we found that the Concessionaire was not issued a Notice to Proceed until February 2, 2024. The Scope of Work included the purchase of three new shipping containers in order to relocate the Concessionaire's retail operations. Additionally, the Scope of Work included the relocation of electricity, plumbing, land preparation, and permits. However, we found that the Department of Health's Food Service Inspection reported the Concessionaire's retail operation as *unsatisfactory* due to two separate violations. One violation stated that the hand washing sink was not working properly and was not connected to a sanitary drain, and the second violation stated that the plumbing installed was not connected to the handwashing station and sanitary drain. Under general comments, the inspector noted that the Concessionaire was awaiting permits, and that the current permit expired on September 30, 2024. The reinspection date was set for October 31, 2024, and no new permit would be issued until the violation was corrected.

#### Permits and Licenses

According to the Agreement, the Concessionaire must *obtain an alcoholic beverage license from the Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco prior to selling any alcoholic beverage at the Park*. Based on our review, we determined that the Concessionaire had a license to sell alcoholic beverages. The license provided was for a separate corporation owned by the Concessionaire, but the license location was the address of the Park.

#### Insurance Coverage

According to the Amendment, the Concessionaire was required to maintain Liability Insurance, Automotive Insurance, and Worker's Compensation. To determine the Concessionaire's compliance with the Agreement, we reviewed documentation from the Department and the Concessionaire. Based on our review, we found that the Concessionaire provided the Department with two policies. One policy included coverage

for Liability, Automotive, Worker's Compensation, and Liquor Liability and was listed under the name of the Concessionaire. However, the corporation insured with the Liquor Liability was not the same corporation listed on the Division of Alcoholic Beverages and Tobacco license. A second policy for only Worker's Compensation was provided to the Department. This policy was issued to a third corporation (Management Corporation) owned by the Concessionaire.

#### Employee Requirements

According to the Agreement, *the Concessionaire shall use the U.S. Department of Homeland Security's E-Verify Employment Eligibility Verification system to verify the employment eligibility of: a. All persons employed by the Concessionaire, during the term of this Agreement, to perform employment duties within Florida; and, b. All persons (including subcontractors) assigned by the Concessionaire to perform work pursuant to this Agreement. The Concessionaire shall include this provision in all subcontracts it enters into for the performance of work under this Agreement.* Our review found in a Quarterly Evaluation dated February 28, 2023; the previous Park Manager stated that the Concessionaire had not submitted Employment Eligibility Verification (E-Verification) for employees to the Department. During an interview with the previous Park Manager, we found that upon arriving at the Park in 2022 until leaving the Park in 2024, the Concessionaire was repeatedly asked to provide E-Verification documentation for employees. During our review, we requested the Concessionaire to provide E-Verifications for employees, including subcontractors. The Concessionaire responded to our request, stating he had not completed the course required to fulfill the verifications and had no E-Verifications for any employees. Later during our review, the Concessionaire provided E-Verifications for 3 individuals; however, none of the E-Verifications were for the contract laborers listed on the General Ledger.

Additionally, according to the Amendment, *the Concessionaire will not employ within the Park any person who is listed on either the sexual predator or sexual offender list maintained by the Florida Department of Law Enforcement ("FDLE") or maintained by the U.S. Department of Justice's Dru Sjodin National Sex Offender Public Website ("NSOPW").* The Concessionaire provided FDLE and NSOPW checks on 5 individuals. Based on our review, we found that the FDLE and NSOPW checks provided by the Concessionaire did not include the 4 names of contract laborers identified on the General Ledger. Furthermore, we were unable to determine if verifications provided included all employees due to the Concessionaire refusing to provide a list of employees or payroll records. According to the Concessionaire, payroll records for employees were combined with the Concessionaire's main business and were processed through the Concessionaire's Management Corporation. The Concessionaire declined multiple requests for the documentation, stating that the payroll records belonged to the Management Corporation owned by the Concessionaire. The Concessionaire's refusal to provide documents was not in compliance with Minimum Accounting Requirements and Chapter 119, F.S., as required by the Agreement.

#### Quarterly Evaluation Reports

According to the Division's Operations Manual (OM), the Park Manager is responsible for completing Quarterly Evaluation Reports (Quarterly Reports) which are used to assess *the concessionaire's performance and facilities and ensure that the terms outlined in the*

*agreement are being followed.* In order to evaluate Park management oversight of the Concessionaire's activities and performance, we reviewed the Quarterly Reports for the Concessionaire. Based on our review, we found that the previous Park Manager consistently completed the evaluations and noted deficiencies in the Concessionaire's activities. Additionally, we found that the Park Manager addressed unapproved activities and safety concerns with the Concessionaire. According to the Division's OM, the Park Manager may issue a Notice of Non-Compliance to the Concessionaire for deficiencies in required activities. In July 2024, the current Park Manager issued a Notice of Non-Compliance to the Concessionaire due to failure to respond to the repeated requests for required documentation. According to the Notice of Non-Compliance, the Concessionaire had failed to respond to four separate requests for required documentation. Based on our review, the Concessionaire did respond to the Notice of Non-Compliance and provided the required documentation.

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## CONCLUSION

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During the audit, we reviewed documentation provided by the Concessionaire and the Division to determine the accuracy of reported gross sales and general compliance with the Agreement. Based on our review, we determined that the reported gross sales during the audit period were generally supported by the Concessionaire's Monthly Reports and point-of-sale documentation. However, we found some inconsistencies with the Concessionaire's General Ledger, bank deposits, and Profit and Loss Statement. We also noted areas of non-compliance and internal control weaknesses regarding the Minimum Accounting Requirements, including refunds, vendor invoices, and point-of-sale transactions. Our findings and recommendations are listed below.

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## FINDINGS AND RECOMMENDATIONS

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**Finding 1: Minimum Accounting Requirements – The Concessionaire did not always follow the Minimum Accounting Requirements regarding the recording of the total of sales collected and providing sequential numbered point-of-sale transactions, as required by the Agreement.**

According to the Agreement, the Concessionaire is required to comply with Minimum Accounting Requirements outlined in Exhibit C. The Agreement states that *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.* Based on our review, we found amounts reported on the Monthly Reports and the DR-15 Report were generally consistent with the point-of-sale documentations. However, the amounts reported were not consistent with the Concessionaire's General Ledger (see table below).

Reported Gross Sales 2023			
Report	Monthly Reports	DR-15 Report	General Ledger
Total Reported	\$404,013.02	\$402,541.70	\$384,161.15



The discrepancy between the Monthly Reports and the Concessionaire's General Ledger appeared to be due to the process of recording sales. The General Ledger entries were based on the amounts deposited into the bank rather than actual amounts collected from daily point-of-sale transactions. The point-of-sale payments to the bank included processing fees and were less than the total amount of sales. Additionally, we found that the Concessionaire did not deposit all cash collected from sales in its entirety.

**Point-of-sale Minimum Requirements**

According to the Agreement, the point-of-sale system used by the Concessionaire must, at minimum, include a sequential numbering system and *each transaction shall be date stamped and timed, identify the cashier making the transaction, and provide sequential numbered printed receipts for each transaction*. Based on our review of the documentation provided, we found that the transactions were not in a sequential numbering order and did not provide a time stamp for when each transaction occurred.

**Recommendations:**

We recommend the Division work with the Park and Concessionaire to ensure compliance with the Agreement regarding Minimum Accounting Requirements and point-of-sale minimum requirements.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure compliance with the Agreement regarding Minimum Accounting Requirements and point-of-sale minimum requirements.

<b>Finding 2: Vendor Invoices and Supporting Documentation – The Concessionaire did not retain required supporting documentation for vendor invoices and some payments were not supported by the invoice amounts.</b>
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The Agreement states that *purchases shall always be supported by vendor invoices and cancelled checks payable to either the vendor or the imprest fund. Receipts for purchases shall be maintained*. According to the General Ledger, the following categories are monthly reimbursements to the Concessionaire's main business account: *Direct Material Sold, 15% Rental Fee, Rental Software, Security Monitoring Service, 5.5% of Sales for Admin Salaries, and 15.5% of Sales for Direct Labor Wages*. Based on our review of the Concessionaire's General Ledger, we determined that from January 2023 to April 2024, \$279,960.79 was to be transferred for the reimbursements. However, we found that the amount transferred to the Concessionaire's main business account totaled \$308,227.92 and included reimbursements for previous fiscal years, with some months having multiple entries.

Additionally, we found vendor payments marked Contract Labor in the Concessionaire's General Ledger. We inquired about the purpose of the labor and requested the invoices for the payments. According to the Concessionaire, the Contract Labor was used to perform odd jobs around the Park, and the Concessionaire did not obtain invoices or receipts from the contractors. Based on our review, we found that the Concessionaire did not retain all vendor invoices and receipts for the sample months, and invoices from the Concessionaire's main business were not consistent with the amounts paid.

**Recommendations:**

We recommend the Division work with the Park and Concessionaire to ensure supporting documentation is retained for all payments and transfers, in accordance with the Agreement.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure supporting documentation is retained for all payments and transfers, in accordance with the Agreement.

<b>Finding 3: Refunds – Refunds were not always documented in compliance with the Agreement and were not reported to the Department.</b>
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The Agreement requires that documentation for customer refunds must include *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*. Although the Concessionaire stated that the documentation for refunds was not retained, some documented refunds were found in the register and online transactions for the sample months. Based on our review, we found that electronically documented customer refunds did not always include reasons for the refund, identify the cashier making the refund, or provide a time stamp for when the refund occurred. Based on our review of the sample months, we found the following.

Customer Refunds		
Month/Year	Total Number	Total of Refunds
February 2024	29	\$2,121.16
March 2024	38	\$2,398.46
TOTAL	67	\$4,519.62

The Amendment states that the Concessionaire's Monthly Reports submitted to the Department *will contain the required details* for each report. The Monthly Report requires the Concessionaire to report on the number and total amount of customer refunds. Based on our review of the Monthly Reports, we found that the Concessionaire did not report any customer refunds during the scope of the audit.

**Recommendations:**

We recommend the Division work with the Park and Concessionaire to ensure that refunds are documented in compliance with the Agreement and reported accurately to the Department as required.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure that refunds are documented in compliance with the Agreement and reported accurately to the Department as required.

**Finding 4: Liability Waivers – Liability Waivers were not accessible for review or verification with customer signature.**

According to the Agreement, the Concessionaire shall ensure that each rental customer or their parent or guardian, sign a liability waiver. According to the Concessionaire's Safety/Emergency Preparedness Manual, which was approved by the Park, *each participant must complete and sign an individual waiver, and* an Electronic Rental Waiver is included in the manual. We requested the signed waivers for the sample months of February and March 2024; however, the Concessionaire stated that there were no signed waivers available. We determined that, prior to paying for rentals online, customers must check a box indicating that they accept the University Bicycle Center Terms and Conditions. Based on correspondence with the Concessionaire, we were informed that checking the box on the website at the time of booking was the waiver signature. Our review noted that more than one bicycle could be rented online in the same reservation and that only the person making the reservation would be checking the box instead of each rental customer, as required.

**Recommendations:**

We recommend the Division take any action deemed necessary to ensure the Concessionaire obtains and maintains signed liability waivers for each rental customer, as required by the Agreement.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure the Concessionaire obtains and maintains signed liability waivers for each rental customer, as required by the Agreement.

**Finding 5: E-Verify Employment Eligibility and Sexual Predator and Offender Checks – The Concessionaire would not provide employee records documenting whether appropriate background checks had been completed in compliance with the Agreement.**

According to the Agreement, *the Concessionaire shall use the U.S. Department of Homeland Security's E-Verify Employment Eligibility Verification system to verify the employment eligibility of: a. All persons employed by the Concessionaire, during the term of this Agreement, to perform employment duties within Florida; and, b. All persons (including subcontractors) assigned by the Concessionaire to perform work pursuant to this Agreement. The Concessionaire shall include this provision in all subcontracts it enters into for the performance of work under this Agreement.* Our review found in a Quarterly Evaluation dated February 28, 2023; the previous Park Manager stated that the Concessionaire had not submitted Employment Eligibility Verification (E-Verification) for employees to the Department. During an interview with the previous Park Manager, we found that upon arriving at the Park in 2022 until leaving the Park in 2024, the Concessionaire was repeatedly asked to provide E-Verification documentation for employees. During our review, we requested the Concessionaire to provide E-Verifications for employees, including subcontractors. The Concessionaire responded to our request, stating he had not completed the course required to fulfill the verifications and had no E-Verifications for any employees. Later during our review, the

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Concessionaire provided E-Verifications for 3 individuals; however, none of the E-Verifications were for the contract laborers listed on the General Ledger.

Additionally, according to the Amendment, *the Concessionaire will not employ within the Park any person who is listed on either the sexual predator or sexual offender list maintained by the Florida Department of Law Enforcement ("FDLE") or maintained by the U.S. Department of Justice's Dru Sjodin National Sex Offender Public Website ("NSOPW")*. The Concessionaire provided FDLE and NSOPW checks on 5 individuals. Based on our review, we found that the FDLE and NSOPW checks provided by the Concessionaire did not include the 4 names of contract laborers identified on the General Ledger. Furthermore, we were unable to determine if verifications provided included all employees due to the Concessionaire refusing to provide a list of employees or payroll records. According to the Concessionaire, payroll records for employees were combined with the Concessionaire's main business and were processed through the Concessionaire's Management Corporation. The Concessionaire declined multiple requests for the documentation, stating that the payroll records belonged to the Management Corporation owned by the Concessionaire.

**Recommendations:**

We recommend the Division take any action deemed necessary to ensure the Concessionaire conducts E-Verify employment eligibility verifications and sexual predator and offender searches for all employees, and maintains documentation as required by the Agreement.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure the Concessionaire conducts E-Verify employment eligibility verifications and sexual predator and offender searches for all employees, and maintains documentation as required by the Agreement.

**Finding 6: Limited Engagement Document – The Concessionaire did not provide a Limited Engagement Document as required by the Agreement.**

Our review determined the Concessionaire submitted an Annual Profit and Loss Statement for 2023; however, the amounts reported for Total Sales, Sales Tax, and Total Gross Sales were not consistent with the Monthly Reports or the DR-15 Report but were consistent with the General Ledger (see chart below).

Total Gross Sales Reported	
Report	Total Gross Sales
Monthly Reports	\$404,013.02
DR-15 Report	\$402,541.70
Profit and Loss Statement	\$384,549.37
General Ledger	\$384,161.15

According to the Amendment, if the Total Gross Sales exceed \$400,000 annually, the Concessionaire *shall obtain and submit, at its sole cost and expense, a limited*

*engagement document, prepared in accordance with the Agreed - Upon Procedures for a Certified Public Accountant as stated in Exhibit F, attached hereto and incorporated herein. Such limited engagement document shall be conducted in accordance with generally accepted auditing and accounting principles.* The Limited Engagement Document is due no later than June 30<sup>th</sup> of the following calendar year. Based on the Monthly Reports submitted to the Department and the DR-15 reported to the Department of Revenue, the Concessionaire's Total Gross Sales were over \$400,000 and the Concessionaire was required to submit a Limited Engagement Document for 2023. However, the Concessionaire did not obtain or provide this document. The Concessionaire stated that according to their General Ledger, the 2023 gross sales did not exceed \$400,000.

**Recommendations:**

We recommend the Division work with the Park and Concessionaire to ensure compliance with Limited Engagement Document requirements as specified in the Amendment.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure compliance with Limited Engagement Document requirements as specified in the Amendment.

<b>Finding 7: Utilities – The Concessionaire did not pay for utilities in compliance with the Agreement.</b>
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According to the Agreement, the Concessionaire is responsible for the costs of all utilities including electricity, water, and garbage, which was to be paid directly to the provider. Based on interviews with the previous Park Manager, we found the Concessionaire was not paying utilities directly to the provider in accordance with the Agreement. Instead, the Concessionaire was using the Park's utilities. Based on our review of the Monthly Reports, we found that the Concessionaire began paying a Utility Fee to the Park in December 2023 in the amount of \$200.00 a month. However, we found that the utility requirements were not amended in the Agreement to include a Utility Fee to the Park.

**Recommendations:**

We recommend the Division work with the Park and Concessionaire to ensure utilities are paid for, in compliance with the Agreement. In addition, the Division should determine if the Concessionaire owes the Department for past utilities used and seek reimbursement.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure utilities are paid for, in compliance with the Agreement. The Division determined that the Concessionaire does owe the Department for past utilities used. The concessionaire has been making utility reimbursements to the park. As of December 2024, the Concessionaire has their own account. Copies of the statements are attached.



**Finding 8: Supporting Documentation – The Concessionaire did not maintain or provide documentation of services performed, as required by the Agreement, the Amendment, and the Florida Public Records law.**

According to the Agreement and Amendment, the Concessionaire is required to maintain records of services performed under the Agreement and to provide those records to the Department for audit purposes and in accordance with the Florida Public Records law. Specifically, the Amendment states, *the Concessionaire and any subcontractors will establish and maintain books, records, and documents directly pertinent to performance under this Agreement according to the Minimum Accounting Requirements and with generally accepted accounting principles. The Department and other appropriate government agencies will have access to all records for audit purposes during the Term of this Agreement and for five years following the Agreement's expiration or termination. The Department will conduct audits at locations and at a frequency determined by the Department or other state agency and communicated to the Concessionaire and any subcontractor. The Concessionaire and any subcontractor will provide materials for the audit at the designated place within 20 days after receiving the Department's or other government agency's notice.*

Additionally, according to the Agreement, *the Concessionaire shall comply with Florida Public Records law under Chapter 119, F.S. Records made or received in conjunction with this Contract are public records under Florida law, as defined in Section 119.0011(12), F.S. Concessionaire shall keep and maintain public records required by the Department to perform the services under this Contract. The Agreement also states, This Contract may be unilaterally canceled by the Department for refusal by the Concessionaire to either provide to the Department upon request, or to allow inspection and copying of all public records made or received by the Concessionaire in conjunction with this Contract and subject to disclosure under Chapter 119, F.S., and Section 24(a), Article I, Florida Constitution.*

In order to determine the accuracy of the Concessionaire's employee requirements, we requested payroll documentation from the Concessionaire. However, we were unable to determine compliance with employee requirements due to the Concessionaire refusing to provide a list of employees or payroll records. According to the Concessionaire, payroll records for employees were combined with the Concessionaire's main business and were processed through the Concessionaire's Management Corporation. The Concessionaire declined multiple requests for the documentation, stating that the payroll records belonged to the Management Corporation owned by the Concessionaire.

**Recommendations:**

We recommend the Division take any action deemed necessary to ensure the Concessionaire complies with the Minimum Accounting Requirements and provides records regarding services performed, in accordance with the Agreement, the Amendment, and the Florida Public Records law.

**Management's Response:**

The Division concurs with the finding and will work with the Concessionaire to ensure the Concessionaire complies with the Minimum Accounting Requirements and provides

records regarding services performed, in accordance with the Agreement, the Amendment, and the Florida Public Records law.

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## **STATEMENT OF ACCORDANCE**

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### **Statement of Accordance**

The Mission of the OIG is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the *Principles and Standards for Offices of Inspectors General* as published by the Association of Inspectors General and the *International Standards for the Professional Practice of Internal Auditing*, as published by the Institute of Internal Auditors, Inc. The audit was conducted by Andrea Kramer and supervised by Susan Cureton.

This report and other reports prepared by the OIG can be obtained through the Department's website at <https://floridadep.gov/oig> or by contacting:

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