

**Audit of Florida State Park Concessions, Inc.
at Wekiwa Springs State Park**

Division of Recreation and Parks

Report: A-1516DEP-048

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

February 23, 2017

3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3000
www.dep.state.fl.us





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The Office of Inspector General (OIG) conducted an audit of Agreement MY-1112 (Agreement) with Florida State Park Concessions, Inc. (Concessionaire) at Wekiwa Springs State Park (Park). This audit was initiated as a result of the Fiscal Year (FY) 2015-2016 Annual Audit Plan.

Scope and Objectives

The scope of the audit included activities during the period January 1, 2015 through December 31, 2015. The objectives were to determine the Concessionaire's:

- compliance with the Agreement
- accuracy of reported gross sales

Methodology

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

Background

The Park offers a variety of activities including bicycling, camping, hiking, canoeing, fishing, and horseback riding. In June 2013, the Department, through the Division of Recreation and Parks (Division) entered into the Agreement with the Concessionaire. Services provided by the Concessionaire include food service, merchandise resale, vending machines, and recreational equipment rental of canoes, kayaks, paddle boats, and bicycles. According to the Monthly Report

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of Concession Gross Sales, the Concessionaire reported total gross sales of \$956,870.11 and paid \$143,530.52 in commissions to the Department in calendar year 2015.

Results and Conclusions

Agreement Compliance

Based on site visit observations, the Concessionaire's hours of operation are posted at the Concession building and boat launch area. Operating hours are based on a seasonal schedule as outlined in the Agreement. Prepackaged snacks, drinks, and ice are sold at the Concession building. Grilled items such as hot dogs and hamburgers are served during the peak season. We observed preapproved retail items specified in the Agreement available for purchase, including sunscreen, goggles, camping equipment, rain gear, and souvenirs.

In accordance with the Agreement requirements, recreational equipment and safety gear including bicycles, canoes, kayaks, paddle boards, and life jackets were available for rent at the Concession store. Signs were posted at the boat launch area and Concession store instructing visitors to purchase rentals at the Concession store. During the site visit, we observed employees wearing a visitor uniform and nametag.

Based on observation and interviews during our site visit, visitors are required to provide valid identification for rental equipment. A ticket system is used as a control for rental sales.

The Concessionaire maintains four vending machines. Vending machine sales are recorded on a Vending Machine Accountability Form. We compared 2015 vending machine sales totaling \$2,235.10 recorded on Vending Machine Accountability Forms to vending machine sales documented on the general ledger and verified that these documents were consistent with minor discrepancies of \$32.75.

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As outlined in the Agreement, an Accessibility and Inclusion Liaison shall be appointed to educate and direct Concession employees with Americans with Disabilities Act (ADA) matters. The Concessionaire serves as the designated Accessibility and Inclusion Liaison coordinator.

The Concessionaire is responsible for complying with the Payment Card Industry (PCI) Data Security Standards (DSS), which include a set of comprehensive requirements for enhancing payment account data security, at the Concessionaire's sole cost and expense. According to Agreement Section 25. g., *the Concessionaire shall ensure that the required data security measures are in place no later than sixty (60) days after the execution of this Agreement or prior to the commencement of operations, whichever is sooner, by submitting a completed Self-Assessment Questionnaire to the Park Manager. The Concessionaire shall submit an updated SAQ to the Park Manager annually on the anniversary of the commencement date through the expiration or termination of this agreement.* The Concessionaire provided a Department Statement of PCI DSS for Compliance form (DRP-083) dated April 21, 2015. The form was signed by the Concessionaire and provided to the Park. However, the Self-Assessment Questionnaire required by the Concessionaire under the Agreement was not obtained.

Based on Agreement Section 44, the Concessionaire is required to perform E-Verify Employment Eligibility Verification searches for all employees and subcontractors and keep a copy of the records in the personnel files. The Concessionaire provided E-Verify Employment Eligibility Verification searches dated August 31, 2016 for the eleven current employees.

According to Agreement Section 45, *the Department shall conduct a sexual predator and offender check on Concessionaire's Agreement Manager and its officers prior to executing this*

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Agreement. No person on either the sexual predator or sexual offender list maintained by the Florida Department of Law Enforcement (“FDLE”) shall be employed within the Park. In addition to the forgoing, the Concessionaire shall perform sexual predator and sexual offender checks on all its employees and subcontractors and shall keep a copy of such records in their personnel files that will be available to the Department during the Concessionaire’s regular office hours.

Upon request, the Concessionaire conducted the sexual predator and offender searches through the Florida Department of Law Enforcement website and provided a copy of all seventeen employees during our review. The Division provided a copy of three of four Concessionaire officers’ sexual predator and offender searches prior to executing the Agreement. The remaining search was conducted and provided upon request.

According to the Agreement Minimum Operational Requirements, facility upkeep, ground maintenance, and cleaning are to be performed on a schedule and to standards acceptable to the Park Manager. According to the Park Manager, Concession employees follow a maintenance schedule, and maintain facilities and grounds as required in the Agreement.

We verified required insurance policies were obtained in the amounts specified in the Agreement. Business tax receipt licenses for canoe rentals and takeout food services, as well as the Annual Food Permit and ServSafe certification were current. We verified the Concessionaire paid for utilities in accordance with the Agreement.

The Concessionaire provided a copy of the Environmental and Safety Plans as required in the Agreement. A stationary canoe and kayak rack was completed during the audit period in compliance with the capital improvement requirements in the Agreement.

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Minimum Accounting Requirements

Transactions are documented on a Daily Revenue Reconciliation form. Cash registers provide visible displays that face the customers. Signs are posted on all cash registers reminding customers to ask for a receipt. Cash registers produce customer copies of sales receipts, contain a locked in tape with sequential numbering system, and record tax amounts. End of day Z-tapes are used to document daily revenue on a Daily Revenue Reconciliation form.

The Concessionaire submitted a current limited engagement document for 2015 as required in the Agreement. The Concessionaire maintains a bank account used solely for the contracted operation. The Concessionaire Manager reconciles monthly bank statements.

According to the Minimum Accounting Requirements, daily revenue exceeding \$2,000.00 is to be deposited intact into the bank daily and revenue less than \$2,000.00 shall be deposited within five working days. Out of 65 reviewed deposits tested in July and August 2015, three deposits in July exceeded the requirements and one deposit exceeded the requirements in August. According to the Concessionaire, funds not deposited immediately are maintained in a safe in a secure location. Deposits are made by the Store Manager or Concessionaire. We verified the reviewed deposits were supported by the general ledger, Daily Revenue Reconciliation forms, Deposit Transfer Reports, and bank statements with minor discrepancies.

The Minimum Accounting Requirements require refunds to be supported by customer signed documents and transaction of voids to be documented and approved by management or designated employee. We reviewed 61 refunds and voided transactions in July and August 2015 and verified refunds and voids in the sampled months were documented per Agreement requirements.

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Reported Revenue

Based on the Monthly Report of Concession Gross Sales, total reported sales during 2015 was \$956,870.11. During the audit period, we verified the Concessionaire paid a 15% commission fee of gross sales totaling \$143,530.52 to the Division as required in the Agreement. Monthly commission fees were paid by the 20th of each month.

Gross sales reported in the Monthly Report of Concession Gross Sales were consistent with gross sales reported to the Department of Revenue with a minor discrepancy of \$3.00. We reviewed sales tax payments for 2015 and verified tax payments were made to the Department of Revenue based on the amount reported in the Monthly Report of Concession Gross Sales.

Amounts reported on the Monthly Report of Concession Gross Sales for 2015 were supported by amounts recorded in the general ledger. We reviewed a sample of daily point of sales transactions and equipment rentals for the months of July and August 2015. Amounts documented on the general ledger were consistent with Daily Revenue Reconciliation forms, Z-tapes, bank deposit slips, and monthly bank statements with minor discrepancies.

Findings and Recommendations

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

According to Agreement Sections 44 and 45, the Concessionaire is required to conduct Department of Homeland Security E-Verify Employment Eligibility Verification and Sexual Predator and Offender searches through the Florida Department of Law Enforcement on all employees and subcontractors at the time of employment. These documents should be maintained in employee personnel files.

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The Concessionaire provided E-Verify Employment Eligibility Verification searches dated August 31, 2016 for the eleven current employees. Upon request, the Concessionaire conducted the sexual predator and offender searches through the Florida Department of Law Enforcement website and provided a copy of all seventeen employees during our review. The Division provided a copy of three of four Concessionaire officers' sexual predator and offender searches prior to executing the Agreement. The remaining search was conducted and provided upon request.

Recommendation:

We recommend the Division work with the Concessionaire to ensure all employee E-Verify Employment Eligibility Verification and sexual predator and offender searches are conducted through the required agencies at the time of employment and maintain these records in personnel files as required in the Agreement.

Finding 2: Payment Card Industry Data Security Standards Compliance

In accordance with Agreement Section 25.g., the Concessionaire is required to submit a PCI DSS Self-Assessment Questionnaire to the Park Manager annually. The Concessionaire requested guidance from the Park for compliance with this requirement. The Park provided the Concessionaire the Department's form DRP-083, which serves as Park attestation in coordination with the Division's annual PCI DSS Self-Assessment Questionnaire. This form is for Park use as PCI DSS assurance for state owned equipment and data security controls. The Concessionaire provided the signed form to the Park. The Concessionaire's Quarterly Evaluation during the audit period indicated that the PCI DSS Compliance Self-Assessment was complete, current, and on file. However, the PCI DSS Self-Assessment Questionnaire, as required under

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the Agreement, was not obtained. According to the Agreement, *the PCI DSS standards can be found at the PCI Security Standards Council website, which is linked through <https://www.pcisecuritystandards.org>*. The PCI DSS Self-Assessment Questionnaire and Attestation of Compliance are both available through this website.

Recommendation:

We recommend the Division work with the Park to clarify the required Self-Assessment Questionnaire for completion by the Concessionaire. This should be completed by the Concessionaire and provided to the Park annually. The Concessionaire should not be directed to complete the Department's Statement of PCI DSS Requirements for Compliance form.

Finding 3: Minimum Accounting Requirements

According to the Minimum Accounting Requirements, Section A.5, *if receipts exceed \$2,000.00, they shall be deposited intact daily. If receipts do not exceed \$2,000.00 a day, they shall be deposited intact periodically, which shall be no more than a five day working period.* Based on the review of 65 bank deposits during the sample months, deposits exceeded these requirements for three days in July 2015 and one day in August 2015.

Recommendation:

We recommend the Division work with the Concessionaire to ensure bank deposits are made as required in the Minimum Accounting Requirements.

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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 <http://www.dep.state.fl.us/ig/reports.htm>. 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

3900 Commonwealth Blvd.
Tallahassee, FL 32399

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Jonathan P. Steverson
Secretary

Memorandum

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

FROM: Lisa Edgar, Director *LE*
Division of Recreation and Parks

SUBJECT: Audit of Florida State Park Concessions, Inc. at Wekiwa Springs State Park
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DATE: January 30, 2017

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

Findings and Recommendations

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

According to Agreement Sections 44 and 45, the Concessionaire is required to conduct Department of Homeland Security E-Verify Employment Eligibility Verification and Sexual Predator and Offender searches through the Florida Department of Law Enforcement on all employees and subcontractors at the time of employment. These documents should be maintained in employee personnel files. The Concessionaire provided E-Verify Employment Eligibility Verification searches dated August 31, 2016 for the eleven current employees. Upon request, the Concessionaire conducted the sexual predator and offender searches through the Florida Department of Law Enforcement website and provided a copy of all seventeen employees during our review. The Division provided a copy of three of four Concessionaire officers' sexual predator and offender searches prior to executing the Agreement. The remaining search was conducted and provided upon request.

Recommendation:

We recommend the Division work with the Concessionaire to ensure all employee E-Verify Employment Eligibility Verification and sexual predator and offender searches are conducted through the required agencies at the time of employment and maintain these records in personnel files as required in the Agreement.

Division Response:

The Division agrees with the recommendation. The Park Manager has attested to the fact that the Concessionaire has brought their procedures into compliance during the audit timeframe. No further action is needed by Park Management.

Finding 2: Payment Card Industry Data Security Standards Compliance

In accordance with Agreement Section 25.g., the Concessionaire is required to submit a PCI DSS Self-Assessment Questionnaire to the Park Manager annually. The Concessionaire requested guidance from the Park for compliance with this requirement. The Park provided the Concessionaire the Department's form DRP-083, which serves as Park attestation in coordination with the Division's annual PCI DSS Self-Assessment Questionnaire. This form is for Park use as PCI DSS assurance for state owned equipment and data security controls. The Concessionaire provided the signed form to the Park. The Concessionaire's Quarterly Evaluation during the audit period indicated that the PCI DSS Compliance Self-Assessment was complete, current, and on file. However, the PCI DSS Self-Assessment Questionnaire, as required under the PCI DSS Self-Assessment Questionnaire and Attestation of Compliance are both available through this website.

Recommendation:

We recommend the Division work with the Park to clarify the required Self-Assessment Questionnaire for completion by the Concessionaire. This should be completed by the Concessionaire and provided to the Park annually. The Concessionaire should not be directed to complete the Department's Statement of PCI DSS Requirements for Compliance form.

Division Response:

The Division agrees with the recommendation. The Park Manager has attested to the fact that the Concessionaire will be supplying the completed self-assessment questionnaire to the park when required.

Finding 3: Minimum Accounting Requirements

According to the Minimum Accounting Requirements, Section A.5, *if receipts exceed \$2,000.00, they shall be deposited intact daily. If receipts do not exceed \$2,000.00 a day, they shall be deposited intact periodically, which shall be no more than a five day working period.* Based on the review of 65 bank deposits during the sample months, deposits exceeded these requirements for three days in July 2015 and one day in August 2015.

Recommendation:

We recommend the Division work with the Concessionaire to ensure bank deposits are made as required in the Minimum Accounting Requirements.

Division Response:

The Division agrees. The Park Manager has discussed this with the Concessionaire and the Concessionaire has agreed to review their procedures and documentation in regards to deposits, with attention to documentation of deposits made after banking hours which may appear to be late depending on when processed by the bank. Park Manger has attested to the fact that Concessionaire will be reminded of the importance of compliance.