

**Audit of the Friends of Fakahatchee, Inc.
Citizen Support Organization at
Fakahatchee Strand Preserve State Park
and Agreement CA-0518**

Division of Recreation and Parks

Report: A-1920DEP-015

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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The Office of Inspector General (OIG) conducted an audit of the Department of Environmental Protection (Department), Division of Recreation and Parks (Division) Agreement with the Friends of Fakahatchee, Inc. Citizen Support Organization (CSO) (CSO Agreement) at Fakahatchee Strand Preserve State Park (Park) and Agreement CA-0518 (Concession Agreement) with the CSO. This audit was initiated as part of the Fiscal Year (FY) 2019-2020 Annual Audit Plan.

Scope and Objectives

The scope of this audit included a review of CSO activities and financial records during the period beginning July 1, 2018. The objectives were to:

- evaluate whether controls are in place over CSO revenue and expenses and determine the accuracy of reported gross sales from Concession Agreement operations
- determine compliance with the CSO Agreement and Concession Agreement
- evaluate management oversight of CSO activities and performance

Methodology

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

Background

The CSO entered into the CSO Agreement with the Division on April 14, 2015. The CSO raises funds in support of the Park through guided tours, events, merchandise sales, donations,

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grants, memberships, and special events. According to the CSO's Profit and Loss Report, the CSO reported \$157,708.85 in revenue and \$120,494.68 in expenses in 2019¹.

The Concession Agreement was executed on August 10, 2018, for a term of five years with the CSO to provide services to the Park. Required services include the management of subcontractors offering guided eco-tours, food and beverage services, special event management services, and vending. Required services also includes interpretive tours and programing. As compensation for services provided under the Concession Agreement during the audit period, the CSO was required to pay the Department a base fee of \$250.00 each month. According to the Monthly Reports of Concessionaire's Total Gross Sales, the CSO reported \$9,388.14 in Concession Agreement gross sales and remitted \$3,000 in commission payments to the Department in 2019.

Results

CSO Agreement and Statutory Compliance

The CSO was established and operates in compliance with Section 258.015, F.S. The following was noted during our audit.

- According to Paragraph 14 of the CSO Agreement, the CSO's Annual Report to the Legislature is due to the Division by July 1st. The CSO submitted the 2018 Annual Report to the Park Manager on June 7, 2019. The Report included the 2018 Form 990 income tax report, Park Manager's Letter, CSO President's Letter, CSO Statement of Accomplishments and Goals, and CSO Statement of Value and Contributed Services. The Park Manager approved the Report on July 18, 2019.
- The CSO paid sales tax to the Department of Revenue, as required during the sampled months.

¹ The CSO's fiscal year begins on January 1 and ends on December 31.

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- The CSO has an established Code of Ethics posted on the CSO website as required under Section 112.3251, F.S.
- The CSO's Policy Manual includes financial procedures in compliance with the Bylaws and Articles of Incorporation. These procedures outline controls over revenue collection and expenditures.
- According to Paragraph 5.b. of the CSO Agreement, the CSO is required to submit an Annual Program Plan on or before the end of the CSO's fiscal year. The Annual Program Plans for 2019 and 2020 were not submitted timely as required. For any activities, programs or events anticipated to take place on Park property, the CSO's Annual Program Plan must include the requested designation of the specific location, facilities, and time for each such use. The 2019 and 2020 Annual Program Plans did not include the CSO's sale of merchandise in the visitor center.

The Park provided a list of 20 active CSO members. We verified that volunteer hours were documented in the Volunteer Service Tracking System (VSys)². In addition, sexual predator and offender's registration searches were documented for all CSO members. Of the 20 active members, we verified that Volunteer Agreements were current for four members as of December 31, 2019.

The CSO holds Board meetings monthly. Meeting minutes were retained by the CSO and provided for the audit period. According to these minutes, the Park Manager attended meetings during the audit period. Chapter 1.4 of the Division's Operations Manual (OM) requires the District to conduct a CSO Management Review every four years. The last review was conducted May 2018. The review reflected positive results.

² VSys is the web-based application that the Department records and stores volunteer information.

CSO Finances

CSO Revenues are generated from Concession Agreement subcontractors, merchandise sales, donations, memberships, grants, donations, and CSO led walking and tram tours. The CSO also collects Park admission fees from subcontractors on behalf of the Park. The CSO uses a third-party reservation vendor for revenue from guided walks, tram tours, and events. Donation box collections are counted and verified by two CSO volunteers prior to deposit. Memberships and donations are also collected through the CSO website using a PayPal account. Expenses over \$1,000 require CSO Board approval. The CSO maintains a credit card for fuel purchases and a checking account in which the President and Board members have signatory authority. The CSO has retained services of an Executive Director who collects and deposits Concession Agreement revenue, reconciles monthly bank statements, maintains the CSO's financial records, and manages the Concession Agreement.

The CSO maintains operating, savings, and investment accounts. As of December 2019, ending balances were as follows:

Account	Ending Balance
Money Market Account	\$166,514.66
Fuel Account	\$812.19
Boardwalk Expansion Fund	\$61,760.36
Certificate of Deposit	\$186,063.41
Operating Account	\$25,154.18
PayPal Account	\$2,616.56
Savings (Regular Savings)	\$6,299.17
Checking Account (Concession Agreement)	\$7,486.31
Total	\$456,706.84

According to the CSO's 2020 Annual Program Plan, planned use of these funds included a continuation of the Big Cypress Bend Boardwalk Expansion Project, repairs and maintenance,

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Wayfinding Kiosks, and construction of a Pole Barn shelter. According to the CSO's Profit and Loss Report³ for 2019, CSO income and expenses were as follows:

2019 CSO Revenue and Expenses		
Income		
Concession Agreement Income		
Park Entry Fees (Collected on behalf of the Park)	\$6,104.00	
Subcontractor Revenue	\$7,708.01	\$13,812.01
Annual Fund for Park Support		\$2,755.00
General Donations		
Hiking Sticks and Hat Sales	\$2,275.00	
Tram Tour Donation Box	\$735.00	
Other (unrestricted)	\$13,239.16	
Iron Ranger at Big Cypress Bend Boardwalk	\$25,641.75	\$41,890.91
Restricted Donations		
Boardwalk Vision	\$12,913.00	
Ultra Race and Run	\$9,446.56	\$22,359.56
Memberships		\$20,560.00
Grants (Tourist Development Council Wayfinding Grant)		\$14,536.82
Events (Welcome Back Lunch/Dinner)		\$1,645.00
Investments and Interest		\$7,593.20
Program Income		
Swamp Walks	\$6,700.00	
Private/Group Tours/Lectures	\$7,540.00	
Tram Tours	\$13,410.00	
Combination Tram and Swamp Walk	\$4,260.00	\$31,910.00
Other Income (Credits/Refunds/Interest)		\$646.35
Total Income		\$157,708.85
Expenses		
Employee and Payroll		\$38,722.59
Administrative Expenses		\$30,144.24
Boardwalk Expenses		\$4,823.33
Event Expenses		\$8,322.90
Insurance Expense		\$8,221.00
Equipment Repair and Maintenance		\$13,624.24
Merchandise		\$1,615.48
Monthly Concessionaire Fee		\$3,000.00
Park Entry Fees		\$7,530.00
Park Support Related		\$940.41
Visitor and Tour Services		\$685.14
Orchid Restoration Expenses		\$2,865.35
Total Expenses		\$120,494.68
Net Income		\$37,214.17

³ The Profit and Loss Report is a summary from the CSO's general ledger.

Based on our audit, CSO income and expenses reported in the Profit and Loss Report for 2019 were generally consistent with the CSO’s operating bank statements. We reviewed documentation supporting revenue and expenses for the sampled months of February and March 2019. Amounts reported in the general ledger were supported by revenue and expense invoices and receipt support documents. In addition, we verified that Park admission fees collected by the CSO and remitted to the Park for tram and walking tours were consistent with revenue collection records with minor discrepancies. With the exception of purchases for merchandise resale, expenses reviewed during the sampled months were consistent with the CSO’s Annual Program Plan projects.

Concession Agreement Reported Gross Sales and Fee Payments

Under the Concession Agreement, the CSO is required to report gross sales attributable to all subcontracts on the Monthly Report of Total Gross Sales. Regardless of reported amounts, the CSO’s required monthly compensation to the Department under the Concession Agreement is \$250.00. The CSO also remits Park admission fees collected by subcontractors on behalf of the Park. The CSO’s reported subcontractor gross sales, subcontractor collection of Park admission fees, and monthly fee payments to the Department for 2019 were as follows.

2019 Reported Subcontractor Gross Sales Monthly Fee Payments and Park Admission Fees		
CSO Revenue from Subcontractors	Park Admission Pass-Through Fees Collected from Subcontractors	Monthly Concession Agreement Fees
\$9,388.14	\$6,138.00	\$3,000.00

As reported on the Monthly Reports of Gross Sales, revenue differed from amounts reflected in the CSO’s general ledger primarily due to the offset between the month of recorded revenue activities to the month funds were received. Other differences were due to minor reporting errors identified by the CSO on the Monthly Reports of Gross Sales. We verified the

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CSO has established and maintains a bank account that is used solely for the Concession Agreement operations. During 2019, deposits in this account were consistent with reported subcontractor revenue and Park admission collections.

According to the CSO's Monthly Reports of Gross Sales and subcontractor reports, subcontractor revenues, CSO revenues, Concession Agreement fees, and Park admission fees for the months of February and March 2019 were as follows:

CSO Concession Agreement Revenues, Reported Subcontractor Revenue, and Park Admission Fees				
Month	CSO Revenue from Subcontracts	Reported Subcontractor Revenue ⁴	Park Admission Fees	Monthly Concession Agreement Fee
February	\$2,686.33	\$20,502.51	\$1,248.00	\$250.00
March	\$1,839.69	\$14,151.48	\$1,456.00	\$250.00

Reported amounts were consistent with CSO and subcontractor source documents with minor errors. We verified the Department received required Concession Agreement fee payments and Park admission fees timely as required under the Concession Agreement.

Concession Agreement Compliance

We verified the CSO's compliance with Concession Agreement requirements as follows.

- Utilities: Per Special Conditions Paragraph D of the Concession Agreement, the CSO is responsible for costs of all utilities associated with operations in the Park. However, there are no specific requirements outlined for CSO utility payments to the Park.
- Security Deposit for Concessionaire's Performance: The CSO provided documentation of a security deposit as required under Special Conditions Paragraph E of the Concession Agreement.
- Subcontracting: The CSO's current seven subcontracts were approved in writing by the District as required under Paragraph 11 of the Concession Agreement.

⁴ Subcontractor revenue represents reported amounts from six of the CSO's seven subcontractors. One subcontractor began services after the sampled months.

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- Accounting: The CSO provided the Park Monthly Reports of Total Gross Sales and an Annual Profit and Loss Statement as required. The CSO also submitted a completed Purchase Card Industry (PCI) Self-Assessment Questionnaire and Certificate of Compliance for subcontractors' third-party online booking vendors used under the Concession Agreement.
- Insurance: We verified the CSO obtained necessary insurance for activities conducted under the Concession Agreement. The CSO's subcontracts include provisions for insurance and liability waivers. Samples of these waivers were obtained for activities during the months of February and March 2019.
- Accessibility and Inclusion Policy: The CSO has an established Accessibility and Inclusion Policy and Plan which is included on their website in accordance with Paragraph 31 of the Concession Agreement.
- E-Verify Employment Eligibility Verification: We verified documentation supporting employment eligibility for the CSO's Executive Director. As required under Paragraph 34 of the Agreement, the CSO included a provision for employment eligibility consistent with the Concession Agreement in all its subcontracts.
- Sexual Predator and Offender Checks: Paragraph 35 of the Agreement states *the Department will conduct a sexual predator and sexual offender check on the Concessionaire's Agreement Manager and its officers.*⁵ The CSO is required to perform sexual predator and sexual offender checks on all its employees and subcontractors. We verified documentation of sexual predator checks for the CSO's Executive Director, who serves as the Concession Agreement Manager as well as checks for subcontractors and employees.
- Website: The CSO has an established website which promotes the Park as required under Paragraph 4 of the Minimum Operation Requirement and Procedures of the Agreement.
- Maintenance and Repair Plan: The CSO does not have a Maintenance and Repair Plan in place. The CSO provided a letter to the Park Manager which advised that the CSO and its

⁵ This provision in the Concession Agreement does not specify a timeframe in which the check is to be conducted by the Division and was identified as a control weakness in prior audit A-1920DEP-020. However, the Division's sexual predator check for the CSO Executive Director was conducted at the time the Concession Agreement was executed.

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subcontractors do not have any physical facilities in the Park to which a maintenance and repair plan would be applicable.

- Environmental Protection Plan: We verified the CSO submitted an Environmental Protection Plan which was evaluated by the Park Biologist as required.
- Safety Plan: Upon execution of the Concession Agreement, the CSO's Safety Plan was evaluated by the Department Safety Officer and determined to be appropriate. The plan was revised as of September 2019. However, there was no documentation that the revised plan was approved as required.
- Capital Improvements: According to the Schedule and Scope of Capital Improvements under the Concession Agreement, the CSO was required to provide \$120,000.00 in capital improvements to enhance facilities at the Park. The list of agreed upon projects was due by June 30, 2019, and completion of the projects was due by December 31, 2021. The Park Manager extended the due date for the list of agreed upon projects to December 31, 2019. On January 30, 2020, the Executive Director of the CSO provided the Park Manager correspondence with a list of projects that had been accomplished by the CSO consistent with the CSO's Annual Program Plan totaling \$129,051.67.

Division and Park Management Oversight of CSO and Concession Agreement Activities

According to Paragraph 7 of the CSO Agreement, the CSO may be required to enter into a formal agreement with the Division in the event the CSO provides regular business services within the Park. Since the CSO Agreement was executed in 2015, the CSO has been providing walking and tram tours as an on-going regular business service. Tours can be booked through the CSO's website and costs range from \$25 to \$90. In 2019, CSO income from these program services totaled \$31,910.00. The CSO has obtained necessary insurance and uses release of liability waivers for these activities.

Special Conditions Paragraph F of the Concession Agreement indicates that gross sales under the Concession does not include proceeds derived from CSO Annual Program Plan of

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fundraising tours and events. However, according to Special Conditions Paragraph C of the Concession Agreement, the CSO is authorized to provide services including management of subcontractors offering guided eco-tours, food and beverage services, special event management services, and vending. Authorized services also include interpretive tours and programming. Under the Concession Agreement, the CSO may also provide tram shuttle services, recreational equipment rentals, and merchandise sales with written pre-approval from the Department. The Minimum Operational Requirements and Procedures of the Concession Agreement directs in Paragraph B that the CSO will provide interpretive tours at authorized areas of the Park. As written, the Concession Agreement contains conflicting direction regarding service offerings between the CSO's Annual Program Plan tours and the interpretive tours specified in the Concession Agreement.

The Division's Delegation of Authority DEP Directive 150, Section DRP-14 directs that the approval for standard Concession Agreements is delegated to the Assistant Director. The Concession Agreement was developed by the Division's Bureau of Operational Services (BOS) and was routed to the District Director rather than the Division Assistant Director for approval and signature.

Conclusions

The CSO was established and operates in compliance with Section 258.015, F.S. Based on our audit, we noted control weaknesses regarding the CSO's Annual Program Plan, Volunteer Agreements, Concession Agreement Repair and Maintenance Plan and Safety Plan, as well as Division oversight of Concession Agreement activities.

Findings and Recommendations

Finding 1: CSO Agreement Annual Program Plan

According to Paragraph 5.b. of the CSO Agreement, the CSO is required to submit an Annual Program Plan on or before the end of the CSO's fiscal year. The Annual Program Plan for 2020 was signed by the CSO President and approved by the Park Manager on January 24, 2020.

According to the CSO 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 Annual Program Plan for 2020 did not include the CSO's sale of merchandise in the visitor center.

Recommendation:

We recommend the Division work with the Park to provide additional oversight of CSO activities to ensure the Annual Program Plans are submitted on or before the end of the CSO's fiscal year. The Division should work with the Park to ensure that all CSO fundraising activities and locations are designated in the Annual Program Plan and approved by the Park Manager.

Finding 2: CSO Volunteer Agreements

According to Chapter 1.4(g)(1) of the Division's OM, each CSO Officer and Board member must sign the Division's Volunteer Agreement or complete it as part of the volunteer's profile on VSys annually. Sections 110.504, and 768.28, F.S., provide for state liability coverage for volunteers including CSOs. According to Chapter 3.11 *Liability, Sovereign Immunity, and Insurance* of the CSO Handbook, the CSO Board members are state volunteers and therefore

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covered by state liability when performing duties as volunteers for the Park. To ensure coverage, Board members must have a signed Volunteer Agreement on file that is updated annually along with a Position Description. Of the 20 active CSO members, we verified that Volunteer Agreements were current for four members as of December 31, 2019.

Recommendation:

We recommend the Division work with the Park and CSO to ensure that all Volunteer Agreements are signed annually and maintained by the Park or in VSys as required.

Finding 3: Concession Agreement Maintenance and Repair Plan

According to Paragraph 5 of the Minimum Operational Requirements and Procedures under the Concession Agreement, the CSO must provide a Maintenance and Repair Plan within 30 days of operation under the Agreement for evaluation and approval by the Park Manager. The plan should include maintenance and cleaning on facilities, grounds, and systems; staff assigned maintenance and cleaning responsibilities; posted contact information; and planting restrictions. The CSO does not have a Maintenance and Repair Plan in place. The CSO provided a letter dated April 5, 2019, to the Park Manager which advised that the CSO and its subcontractors do not have any physical facilities in the Park to which a Maintenance and Repair Plan would be applicable. There was no approval of this exception documented by the Park Manager, nor agreement from the Division that the CSO was not responsible for grounds maintenance and cleaning associated with Park use under the Concession Agreement.

Recommendation:

We recommend the Division work with the Park to provide additional oversight of CSO activities to ensure a Maintenance and Repair Plan is established consistent with the Concession Agreement. If the Division agrees with the CSO's claim that a Maintenance and Repair Plan is

not applicable to the CSO's responsibilities under the Concession Agreement, the Division should work with BOS and Park management to amend the Concession Agreement to clarify elimination of this responsibility.

Finding 4: Concession Agreement Safety Plan

Paragraph 7 of the Minimum Operational Requirements and Procedures under the Concession Agreement requires the CSO to submit a Safety Plan within 30 days of operation to be evaluated by the Department's Safety Officer and Park Manager. The CSO is required to implement a final Safety Plan incorporating the District's and Park Manager's comments within 30 days of Department approval. The CSO is required to revise the Safety Plan once a year and submit the proposed revision to the Department's Safety Officer and Park Manager for evaluation and approval. We verified correspondence demonstrating that the initial Safety Plan was evaluated and determined to be appropriate by the Department Safety Officer. The Park Manager also indicated that the Safety Plan had been approved, but not in writing. The Safety Plan was revised as of September 2019. However, there was no documentation that the revised plan was approved as required.

According to Paragraph 11 of the Concession Agreement, the CSO is required to include a provision in its subcontracts that require subcontractors to comply with the terms of the Concession Agreement. In each of its subcontracts, the CSO has included a requirement for the adoption of a Safety Plan. This includes the requirement that the plans be evaluated by the Department Safety Officer and approved by the Park Manager. Of the seven subcontractor agreements, the CSO provided Safety Plans for three subcontractors. There was no documented Department evaluation or approval of these plans.

Recommendation:

We recommend the Division work with the Park to provide additional oversight of CSO activities to ensure annual revisions of the CSO's Safety Plan are evaluated and approved by the Department Safety Officer and Park Manager as required in the Concession Agreement. In addition, we recommend the Division work with the Park to address the CSO's lack of management oversight regarding subcontractor safety plans in order to ensure the consistent safety of all Park staff, volunteers, and visitors.

Finding 5: Division Oversight of CSO and Concession Agreement Activities

During the course of the audit, we noted circumstances which indicate a lack of clear direction, reasonable expectations, and limited benefits regarding the CSO's activities under the Concession Agreement.

Concession Agreement and CSO Operating Inconsistencies

Recitals established in the CSO's Concession Agreement state that *any obligations under the Concession Agreement shall not apply to the Citizen Support Organization's established Annual Program Plan of fundraising tours and events*. The CSO's Annual Program Plan includes eco-tours, swamp walks, and tram tours as part of their planned programs. However, services authorized under Special Conditions Paragraph C of the Concession Agreement are listed as follows:

- 1) *Management or Visitor Service Operations (Sub-Contractor Management) including the following:*
 - a) *Guided Eco-tours*
 - b) *Food and Beverage Service, including mobile food carts;*
 - c) *Special Event Management Services;*
 - d) *Vending; and*
- 2) *Interpretive Tours and Programing.*

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The Concessionaire may provide the following additional services if the Concessionaire obtains written pre-approval from the Department.

- 1) *Tram Shuttle Services;*
- 2) *Recreational Equipment Rentals; and*
- 3) *Merchandise Resale*

Paragraph B of the Minimum Operational Requirements and Procedures of the Concession Agreement states that the CSO *will provide Interpretive Tours at authorized areas of the Park*, and further outlines the manner in which these services are to be provided. As written, the Concession Agreement contains conflicting direction regarding service offerings between the CSO Agreement and Concession Agreement.

CSO Financial Benefits and Obligations Under the Concession Agreement

Given the CSO's required monthly payment to the Department as well as the required collection and remittance of Park admission fees, the CSO's management of the seven subcontractors in 2019 under the Concession Agreement resulted in net income of \$6,388.14. The CSO's employee related expenses in 2019 for the Executive Director who manages the Concession Agreement was \$38,722.59⁶. Upon inquiry, the CSO Executive Director indicated that the Concession Agreement was beneficial. Through the management of subcontracts, the CSO has been able to reduce the number of businesses providing tours in the Park.

According to the Schedule and Scope of Capital Improvements under the Concession Agreement, the CSO is required to provide \$120,000.00 in capital improvements to enhance facilities at the Park. The list of agreed upon projects was due by June 30, 2019, and completion of the projects was due by December 31, 2021. The Park Manager extended the due date for the list of projects to December 31, 2019. Recitals established in the CSO's Concession Agreement

⁶ The CSO Executive Director manages finances for both the CSO and Concession Agreement.

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state that *the Concession Agreement shall operate parallel to and independently of the Citizen Support Organization Agreement*. However, on January 30, 2020, the CSO Executive Director provided the Park Manager correspondence with a list of projects that had been accomplished by the CSO consistent with the CSO's Annual Program Plan totaling \$129,051.67. Per this correspondence, the Executive Director indicated that with these projects, the CSO had met their Concession Agreement capital improvement obligation. There was no documentation of approval by Park management. Based on the CSO's 2019 net income, as well as the disproportionate capital improvement funding obligation, the Concession Agreement appears to serve primarily as a means by which the CSO, rather than the Division, manages businesses operating in the Park.

Authorization of the Concession Agreement

The Division's Delegation of Authority DEP Directive 150, Section DRP-14 directs that the approval for *standard concession agreements, extensions and assignments for state parks as well as the termination of Concession Agreements, non-exclusive special use permits, and special use permits (revenue contracts except vending machines)* is delegated to the Assistant Director. The Concession Agreement was developed by BOS and was routed to the District Director, rather than the Division Assistant Director, for approval and signature. According to BOS management, there had been a different understanding regarding agreement approval authority based on correspondence with prior leadership.

Recommendation

We recommend the Division establish controls to prevent execution of agreements inconsistent with the Division's Delegation of Authority DEP Directive 150. In addition, given the CSO's marginal income realized in 2019 and the disproportionate financial obligation for

capital improvement funding in the Concession Agreement, we recommend the Division consider whether a simplified agreement or permit model could provide the Division a more direct and manageable means for Park management to oversee commercial tours in the Park. Such a simplified instrument could still encourage stewardship and incentivize financial accountability, while only containing terms applicable to the limited commercial activity being permitted.

If the Division continues the current Concession Agreement with the CSO, we recommend the Division address the following:

- Since the Concession Agreement was not approved and executed at the Division level required under Delegation of Authority DEP Directive 150, Division leadership should work with the Department's Office of General Counsel to address this contractual deficiency so the Concession Agreement does not continue in conflict with the Directive.
- The Division should amend the Concession Agreement to correct the inconsistent direction regarding the CSO's Annual Program Plan tours and required interpretive tours and programing required under the Concession Agreement.
- The Division should address the CSO's January 30, 2020, letter which reported CSO Agreement Annual Program Plan related expenses as meeting its Concession Agreement capital improvement obligations. Activities under the CSO Agreement should be independent of obligations under the Concession Agreements. As such, the Division should ensure the CSO complies with its capital improvement funding obligation under the Concession Agreement.
- To avoid the need for unnecessary amendments going forward, when developing Concession Agreements, we recommend the Division, District, and Park work with BOS to establish an evaluation process which incorporates input from a diversified review team. This process should document review sufficient to ensure concession agreements include clear and consistent direction, as well as reasonable and justifiable monetary terms.

Finding 6: Regular Business Service Provided by the CSO

According to Paragraph 7 of the CSO Agreement, *If the CSO provides a "regular business service" (as hereinafter defined), the CSO may be required to enter a separate formal agreement with the Division to address such service, the requirements of which shall be determined on a case-by-case basis. The term "regular business service" means an operation which is customary and usual or ongoing, with no unexpected or unusual variation (such as the rental or operation of recreational equipment and/or vending machines, management of gift shops, etc.) and which the CSO conducts either through its employees, members, volunteers, or a third party for the benefit of the Park. At a minimum, a formal agreement governing such regular business service may require the CSO to:*

- a. pay a commission fee (which may include a minimum guarantee), pass-through Park fees, or a combination of commissions and Park fees;*
- b. be responsible to carry general or commercial liability insurance; and*
- c. pay a percentage or a flat fee for utilities supplied by Park facilities.*

The CSO has been providing walking and tram related tours as an on-going regular business service since the CSO Agreement was executed in 2015. According to the CSO's website, the cost for these tours range from \$25 to \$90. In 2019, CSO income from these program services totaled \$31,910. Consistent with a regular business service offered under a standard Concession Agreement, the CSO has obtained necessary insurance for the tours being offered and has adopted the use of waivers for release of liability. The CSO has also established an online system for reservations with a third-party vendor and has provided PCI compliance verification for the use of this system. However, the CSO does not consider these activities as applicable to the current Concession Agreement.

Recommendation

We recommend the Division review the regular business service tours being operated by the CSO external to the Concession Agreement and determine whether these services are applicable for formal agreement consistent with the CSO Agreement. If so, the Division should work with BOS, District, and Park management to establish a Concession Agreement for these services.

Management Comments

Management Comment 1: CSO Financial Reporting Requirements

According to Section 5.12 of the CSO Handbook, CSOs must submit an Annual Report to the Legislature to the appropriate District Office by July 1st each year, in accordance with Sections 20.058, and 20.2551, F.S. Under Section 5.7 of the CSO Handbook, the Division requires CSO's to submit a separate Annual Financial Report to the Division no later than six months after the end of the CSO's fiscal year. As a result of legislative changes to Section 20.2551 F.S. 2019, the Division eliminated the required submittal of a separate Annual Financial Report to reduce duplicative information. All required financial reporting is part of the CSO's Annual Report to the Legislature. However, at the time of our audit, the Division's CSO Handbook, which is dated January 15, 2015, had not been revised to reflect this updated reporting requirement. The Division should ensure the CSO Handbook is updated to consistently reflect the clarified reporting requirement.

Management Comment 2: Concessionaire Quarterly Evaluation Report

Part of the Park Manager's understood responsibility for Concession Agreement oversight includes completion of the Concessionaire Quarterly Evaluation Report. This evaluation serves as a means by which Park management ensures that Concession Agreement

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requirements are being met and as a mechanism for performance feedback. We requested Concessionaire Quarterly Evaluation Reports for the audit period. None of the reports were signed by the Park Manager and were signed by the CSO on the day we contacted the Division regarding initiation of the audit. As noted in prior audit reports, direction regarding Park management's responsibility for the Concessionaire Quarterly Evaluation Report is not specified in the Agreement, nor is it part of the Division's OM. As a result, Park management does not have clear direction regarding the completion, timing, distribution, and follow-up necessary for the effective and consistent use of this monitoring tool. The Division would benefit from formally addressing Park management requirements for completion and use of the Concessionaire Quarterly Evaluation Report in the Division's OM.

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 Cindy Newsome 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

Noah Valenstein
Secretary

Memorandum

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

FROM: Eric Draper, Director
Division of Recreation and Parks

SUBJECT: Audit of the Friends of Fakahatchee, Inc. Citizen Support Organization at Fakahatchee Strand Preserve State Park and Agreement CA-0518

DATE: August 7, 2020

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

Finding 1: CSO Agreement Annual Program Plan

According to Paragraph 5.b. of the CSO Agreement, the CSO is required to submit an Annual Program Plan on or before the end of the CSO's fiscal year. The Annual Program Plan for 2020 was signed by the CSO President and approved by the Park Manager on January 24, 2020.

According to the CSO 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 Annual Program Plan for 2020 did not include the CSO's sale of merchandise in the visitor center.

Recommendation:

We recommend the Division work with the Park to provide additional oversight of CSO activities to ensure the Annual Program Plans are submitted on or before the end of the CSO's fiscal year. The Division should work with the Park to ensure that all CSO fundraising activities and locations are designated in the Annual Program Plan and approved by the Park Manager.

Division Response: The Division concurs with the finding. The Park Manager will require the CSO's Annual Program Plan to be submitted on or before the deadline of December 31st and will require that the plan designate specific locations and facilities for activities, programs and events anticipated to take place on park property.

Finding 2: CSO Volunteer Agreements

According to Chapter 1.4(g)(1) of the Division's OM, each CSO Officer and Board member must sign the Division's Volunteer Agreement or complete it as part of the volunteer's profile on VSys annually. Sections 110.504, and 768.28, F.S., provide for state liability coverage for volunteers including CSOs. According to Chapter 3.11 Liability, Sovereign Immunity, and Insurance of the CSO Handbook, the CSO Board members are state volunteers and therefore covered by state liability when performing duties as volunteers for the Park. To ensure coverage, Board members must have a signed Volunteer Agreement on file that is updated annually along with a Position Description. Of the 20 active CSO members, we verified that Volunteer Agreements were current for four members as of December 31, 2019.

Recommendation:

We recommend the Division work with the Park and CSO to ensure that all Volunteer Agreements are signed annually and maintained by the Park or in VSys as required.

Division Response: The Division concurs with the finding and the Park Manager will require that Volunteer Agreements for all CSO Board members are signed annually and maintained by the Park or in VSys as required.

Finding 3: Concession Agreement Maintenance and Repair Plan

According to Paragraph 5 of the Minimum Operational Requirements and Procedures under the Concession Agreement, the CSO must provide a Maintenance and Repair Plan within 30 days of operation under the Agreement for evaluation and approval by the Park Manager. The plan should include maintenance and cleaning on facilities, grounds, and systems; staff assigned maintenance and cleaning responsibilities; posted contact information; and planting restrictions. The CSO does not have a Maintenance and Repair Plan in place. The CSO provided a letter dated April 5, 2019, to the Park Manager which advised that the CSO and its subcontractors do not have any physical facilities in the Park to which a Maintenance and Repair Plan would be applicable. There was no approval of this exception documented by the Park Manager, nor agreement from the Division that the CSO was not responsible for grounds maintenance and cleaning associated with Park use under the Concession Agreement.

Recommendation:

We recommend the Division work with the Park to provide additional oversight of CSO activities to ensure a Maintenance and Repair Plan is established consistent with the Concession Agreement. If the Division agrees with the CSO's claim that a Maintenance and Repair Plan is not applicable to the CSO's responsibilities under the Concession Agreement, the Division should work with BOS and Park management to amend the Concession Agreement to clarify elimination of this responsibility.

Division Response: The Division concurs and will amend the Concession Agreement to remove the requirement for a Maintenance and Repair Plan.

Finding 4: Concession Agreement Safety Plan

Paragraph 7 of the Minimum Operational Requirements and Procedures under the Concession Agreement requires the CSO to submit a Safety Plan within 30 days of operation to be evaluated by the Department's Safety Officer and Park Manager. The CSO is required to implement a final Safety Plan incorporating the District's and Park Manager's comments within 30 days of Department approval. The CSO is required to revise the Safety Plan once a year and submit the proposed revision to the Department's Safety Officer and Park Manager for evaluation and approval. We verified correspondence demonstrating that the initial Safety Plan was evaluated and determined to be appropriate by the Department Safety Officer. The Park Manager also indicated that the Safety Plan had been approved, but not in writing. The Safety Plan was revised as of September 2019. However, there was no documentation that the revised plan was approved as required.

According to Paragraph 11 of the Concession Agreement, the CSO is required to include a provision in its subcontracts that require subcontractors to comply with the terms of the Concession Agreement. In each of its subcontracts, the CSO has included a requirement for the adoption of a Safety Plan. This includes the requirement that the plans be evaluated by the Department Safety Officer and approved by the Park Manager. Of the seven subcontractor agreements, the CSO provided Safety Plans for three subcontractors. There was no documented Department evaluation or approval of these plans.

Recommendation:

We recommend the Division work with the Park to provide additional oversight of CSO activities to ensure annual revisions of the CSO's Safety Plan are evaluated and approved by the Department Safety Officer and Park Manager as required in the Concession Agreement. In addition, we recommend the Division work with the Park to

address the CSO's lack of management oversight regarding subcontractor safety plans in order to ensure the consistent safety of all Park staff, volunteers, and visitors.

Division Response: The Division concurs. The Department Safety Officer and Park Manager have approved the Concessionaire Safety Plan as required in the Concession Agreement. The District has directed the Concessionaire to ensure their subcontractor agreements properly address the Safety Plan requirements and that the Concessionaire is responsible for subcontractor review.

Finding 5: Division Oversight of CSO and Concession Agreement Activities

During the course of the audit, we noted circumstances which indicate a lack of clear direction, reasonable expectations, and limited benefits regarding the CSO's activities under the Concession Agreement.

Concession Agreement and CSO Operating Inconsistencies

Recitals established in the CSO's Concession Agreement state that *any obligations under the Concession Agreement shall not apply to the Citizen Support Organization's established Annual Program Plan of fundraising tours and events*. The CSO's Annual Program Plan includes eco-tours, swamp walks, and tram tours as part of their planned programs. However, services authorized under Special Conditions Paragraph C of the Concession Agreement are listed as follows:

1) Management or Visitor Service Operations (Sub-Contractor Management) including the following:

- a) Guided Eco-tours*
- b) Food and Beverage Service, including mobile food carts;*
- c) Special Event Management Services;*
- d) Vending; and*

2) Interpretive Tours and Programing.

The Concessionaire may provide the following additional services if the Concessionaire obtains written pre-approval from the Department.

- 1) Tram Shuttle Services;*
- 2) Recreational Equipment Rentals; and*
- 3) Merchandise Resale*

Paragraph B of the Minimum Operational Requirements and Procedures of the Concession Agreement states that the CSO will provide Interpretive Tours at authorized areas of the Park, and further outlines the manner in which these services are to be

provided. As written, the Concession Agreement contains conflicting direction regarding service offerings between the CSO Agreement and Concession Agreement.

CSO Financial Benefits and Obligations Under the Concession Agreement

Given the CSO's required monthly payment to the Department as well as the required collection and remittance of Park admission fees, the CSO's management of the seven subcontractors in 2019 under the Concession Agreement resulted in net income of \$6,388.14. The CSO's employee related expenses in 2019 for the Executive Director who manages the Concession Agreement was \$38,722.59⁶. Upon inquiry, the CSO Executive Director indicated that the Concession Agreement was beneficial. Through the management of subcontracts, the CSO has been able to reduce the number of businesses providing tours in the Park.

According to the Schedule and Scope of Capital Improvements under the Concession Agreement, the CSO is required to provide \$120,000.00 in capital improvements to enhance facilities at the Park. The list of agreed upon projects was due by June 30, 2019, and completion of the projects was due by December 31, 2021. The Park Manager extended the due date for the list of projects to December 31, 2019. Recitals established in the CSO's Concession Agreement state that *the Concession Agreement shall operate parallel to and independently of the Citizen Support Organization Agreement*. However, on January 30, 2020, the CSO Executive Director provided the Park Manager correspondence with a list of projects that had been accomplished by the CSO consistent with the CSO's Annual Program Plan totaling \$129,051.67. Per this correspondence, the Executive Director indicated that with these projects, the CSO had met their Concession Agreement capital improvement obligation. There was no documentation of approval by Park management. Based on the CSO's 2019 net income, as well as the disproportionate capital improvement funding obligation, the Concession Agreement appears to serve primarily as a means by which the CSO, rather than the Division, manages businesses operating in the Park.

Authorization of the Concession Agreement

The Division's Delegation of Authority DEP Directive 150, Section DRP-14 directs that the approval for *standard concession agreements, extensions and assignments for state parks as well as the termination of Concession Agreements, non-exclusive special use permits, and special use permits (revenue contracts except vending machines)* is delegated to the Assistant Director. The Concession Agreement was developed by BOS and was routed to the District Director, rather than the Division Assistant Director, for approval and signature. According to BOS management, there had been a different

understanding regarding agreement approval authority based on correspondence with prior leadership.

Recommendation

We recommend the Division establish controls to prevent execution of agreements inconsistent with the Division's Delegation of Authority DEP Directive 150. In addition, given the CSO's marginal income realized in 2019 and the disproportionate financial obligation for capital improvement funding in the Concession Agreement, we recommend the Division consider whether a simplified agreement or permit model could provide the Division a more direct and manageable means for Park management to oversee commercial tours in the Park. Such a simplified instrument could still encourage stewardship and incentivize financial accountability, while only containing terms applicable to the limited commercial activity being permitted.

If the Division continues the current Concession Agreement with the CSO, we recommend the Division address the following:

- Since the Concession Agreement was not approved and executed at the Division level required under Delegation of Authority DEP Directive 150, Division leadership should work with the Department's Office of General Counsel to address this contractual deficiency so the Concession Agreement does not continue in conflict with the Directive.
- The Division should amend the Concession Agreement to correct the inconsistent direction regarding the CSO's Annual Program Plan tours and required interpretive tours and programming required under the Concession Agreement.
- The Division should address the CSO's January 30, 2020, letter which reported CSO Agreement Annual Program Plan related expenses as meeting its Concession Agreement capital improvement obligations. Activities under the CSO Agreement should be independent of obligations under the Concession Agreements. As such, the Division should ensure the CSO complies with its capital improvement funding obligation under the Concession Agreement.
- To avoid the need for unnecessary amendments going forward, when developing Concession Agreements, we recommend the Division, District, and Park work with BOS to establish an evaluation process which incorporates input from a diversified review team. This process should document review sufficient to ensure concession agreements include clear and consistent direction, as well as reasonable and justifiable monetary terms.

Division Response: The Division concurs with the need to establish controls to prevent execution of agreements inconsistent with the Division's Delegation of Authority, DEP Directive 150. The Division will terminate Agreement CA-0518 with the CSO by mutual agreement. Relative to compliance with capital improvement funding obligations, the Division will request CSO records documenting the prior expenditures made in the Park to satisfy their obligation under their CSO Agreement. Upon termination of the CSO Concession Agreement, the Department will forgive the capital expenditure obligation.

Finding 6: Regular Business Service Provided by the CSO

According to Paragraph 7 of the CSO Agreement, *If the CSO provides a "regular business service" (as hereinafter defined), the CSO may be required to enter a separate formal agreement with the Division to address such service, the requirements of which shall be determined on a case-by-case basis. The term "regular business service" means an operation which is customary and usual or ongoing, with no unexpected or unusual variation (such as the rental or operation of recreational equipment and/or vending machines, management of gift shops, etc.) and which the CSO conducts either through its employees, members, volunteers, or a third party for the benefit of the Park. At a minimum, a formal agreement governing such regular business service may require the CSO to:*

- a. pay a commission fee (which may include a minimum guarantee), pass-through Park fees, or a combination of commissions and Park fees;*
- b. be responsible to carry general or commercial liability insurance; and*
- c. pay a percentage or a flat fee for utilities supplied by Park facilities.*

The CSO has been providing walking and tram related tours as an on-going regular business service since the CSO Agreement was executed in 2015. According to the CSO's website, the cost for these tours range from \$25 to \$90. In 2019, CSO income from these program services totaled \$31,910. Consistent with a regular business service offered under a standard Concession Agreement, the CSO has obtained necessary insurance for the tours being offered and has adopted the use of waivers for release of liability. The CSO has also established an online system for reservations with a third-party vendor and has provided PCI compliance verification for the use of this system. However, the CSO does not consider these activities as applicable to the current Concession Agreement.

Recommendation

We recommend the Division review the regular business service tours being operated by the CSO external to the Concession Agreement and determine whether these

services are applicable for formal agreement consistent with the CSO Agreement. If so, the Division should work with BOS, District, and Park management to establish a Concession Agreement for these services.

Division Response: The Division has reviewed the business services and tours currently being operated by the CSO external to Concessions Agreement CA-0518. While the services provided by the CSO under the auspices of the CSO Agreement could be considered regular business services, the CSO Agreement provides discretion to the Division regarding the need for a separate agreement. The CSO Agreement provides that such requirements are to be determined on a case-by-case basis. The limited services being provided by the CSO are appropriate CSO activities and will not require an additional Concession Agreement.



FRIENDS OF FAKAHATCHEE, INC.

A 501(c)(3) not-for-profit Citizen Support Organization that provides financial and volunteer support to preserve the unique ecology and cultural heritage of Fakahatchee Strand Preserve State Park and educates the public about its importance. www.orchidswamp.org

Valerie Peacock
Audit Director
Office of Inspector General
Dept. of Environmental Protection
Tallahassee, FL

30 July 2020

Dear Ms. Peacock,

The Friends of Fakahatchee Inc. (FOF) submit the following responses to the Preliminary Audit Report A-1920DEP-015 dated July 2, 2020.

Page 3 -Annual Program Plan for 2019 -2020 were not submitted timely:

Response:

2019 – *As per instructions received on an e-mail from DEP dated the 14 Dec.2018, CSOs were informed the 2019 Program Plan with a new format was due Friday 25th January 2019. The report was signed by CSO President and Park Manager the 24 January 2019.*

2020- *The Executive Director informed the Park Manager and District 4 Park Programs Development Specialist via e-mail that due to the volume of work generated by the Auditors request on Dec. 2019 for an interview on the 9 Jan. 2020 the Annual Program Plan would be submitted in January instead of December.*

Page 4- CSO Finances

Response:

-Volunteers do not collect revenue generated from Sub-Contractors.

-The Treasurer does not have signatory authority.

FINDINGS on Audit Report

#1.

-CSO Annual Program Plan must also include the requested designation of the specific location, facilities and time for each use.

Response: The Annual Program Plan format only provides a check box for "On Park" or "Off Park" location. The CSO will work with the Park Manager to provide more details going forward.

-Sale of Merchandise not included in Annual Program Plan

Response: This was not brought to the CSO's attention and will be included in the Program Plan going forward.

#3.

The CSO must provide a Maintenance and Repair Plan within 30 days of operation for evaluation and approval by the Park Manager

Response: As recommended by the Bureau Chief District 4 after the execution of the Concession Agreement a letter dated 5 April 2019 was sent to the Park Manager stating a Maintenance and Repair Plan was not required since no park equipment or facilities are used for the Concession.

4.

Safety Plans: Of the seven sub-contractors agreement, the CSO Provided Safety Plans for three subcontractors.

Response: With the exception of the Florida National Park Association all subcontractors Safety Plans were submitted to the Park Manager.

5.

Concession Agreement and CSO Operating Inconsistencies.

Recitals established in the CSO's, Concession Agreement state that *any obligations under the Agreement shall not apply to the CSO Annual program Plan of funding tours and events.* The CSO's Annual Program Plan includes eco-tours, swamp walks, and tram tours as part of their planned programs. However services authorized under Special Conditions Paragraph C of the Concession Agreement are listed as follows...

As written the Concession Agreement contains conflicting directions regarding services offerings between the CSO Agreement and the Concession Agreement.

Response: The Executive Director stated that the eco-tours conducted by the CSO as per the approved Annual Program Plan such as tram tours and swamp walks are not conducted daily and not throughout the year and that commercial tours operators can apply for permits to conduct tram tours and swamp walks.

CSO Financial Benefits and Obligations under the Concession Agreement

The CSO employee related expenses in 2019 for the Exec. Director who manages the Concession Agreement was \$38,722.

Response: *The employee related expenses are not exclusive to the management of the Concession Agreement, employee expenses are for managing the entire CSO day to day operations.*

Through the management of subcontracts, the CSO has been able to reduce the number of businesses providing tours in the Park

Response: *The Executive Director stated that the permit program eliminated commercial tour companies who had been conducting tours for years in the park for without authorization.*

The list of agreed upon (capital improvements) projects was due by June 2019, and completion of projects was due Dec 31, 2021. The Park Manager extended the due date for the list of projects to December, 2019.

Response: *The first CSO letter listing the Capital Imp. projects sent to the Park Manager is dated the 28th February 2019 meeting the June 30th 2019 deadline on the Agreement. The projects listed were the same as offered on the Bid. No response was received to the first CSO project letter/list.*

On June 28, 2019 the CSO e-mailed the projects letter/list to District 4 and the Park Manager, the CSO did not receive a response.

The CSO received a letter dated 26 Sept 2019 from the Park Manager extending the deadline to approve the list of Capital Imp. projects to December 31, 2019.

Subsequently, the CSO issued an updated letter/list dated 30 Sept 2019 to the Park Manager to record the increased expenditures for the Capital Imp.

On the 30 Jan 2020 the CSO submitted another updated letter/list to the Park Manager providing the most recent figures exceeding \$120,000.00, this is the CSO letter the auditor refers to in the audit report.

At a 12th February 2020 "On Board meeting" conducted by the Park Business Development Leader, at which District 4 the Park Manager and the CSO were present, the CSO reminded DEP that the Capital Improvement list had not been approved and had now passed the extended deadline of December 30, 2020. At that meeting the Park Manager was directed to issue a retroactive authorization "Notice to Proceed" to the CSO. The CSO received a "Notice to Proceed" dated 27 February 2020 from the Park Manager listing the Capital Improvement projects and latest figures.

Respectfully,

Francine Stevens
Executive Director

CC. Glen Stacell, President Friends of Fakahatchee

OIG Comments Regarding the CSO's Response

Based on the CSO's response to the report and Findings, the following comments serve to clarify review results in these areas.

CSO Response Comment: Page 3-Annual Program Plan for 2019-2020 were not submitted

timely

2020- The Executive Director informed the Park Manager and District 4 Park Programs Development Specialist via e-mail that due to the volume of work generated by the Auditors request on Dec. 2019 for an interview on the 9 Jan. 2020 the Annual Program Plan would be submitted in January instead of December.

OIG Comment

The CSO's notification of noncompliance with the CSO Agreement does not exempt the CSO from Agreement requirements.

CSO Response Comment: Page 4-CSO Finances

- Volunteers do not collect revenue generated from Sub-Contractors.*
- The Treasurer does not have signatory authority.*

OIG Comment

The report results were revised to reflect this clarification.

CSO Response to Finding 1: CSO Agreement Annual Program Plan

-CSO Annual Program Plan must also include the requested designation of the specific location, facilities and time for each use.

***Response:** The Annual Program Plan format only provides a check box for "On Park" or "Off Park" location. The CSO will work with the Park Manager to provide more details going forward.*

-Sale of Merchandise not included in Annual Program Plan

***Response:** This was not brought to the CSO's attention and will be included in the Program Plan going forward.*

OIG Comment

The CSO Agreement was signed by the CSO President on April 12, 2015. Paragraph 5.b. of the CSO Agreement states, *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.*

CSO Response to Finding 3: Concession Agreement Maintenance and Repair Plan

The CSO must provide a Maintenance and Repair Plan within 30 days of operation for evaluation and approval by the Park Manager

Response: *As recommended by the Bureau Chief District 4 after the execution of the Concession Agreement a letter dated 5 April 2019 was sent to the Park Manager stating a Maintenance and Repair Plan was not required since no park equipment or facilities are used for the Concession.*

OIG Comment

The letter referenced in the CSO's response was acknowledged in the Finding. However as stated in the Finding, there was no approval of this exception documented by the Park Manager, nor agreement from the Division that the CSO was not responsible for grounds maintenance and cleaning associated with Park use under the Concession Agreement. The CSO's notification of noncompliance with the Concession Agreement does not exempt the CSO from Agreement requirements. The recommendation was addressed to the Division. Per the Division's response, the Concession Agreement will be amended to remove the requirement for a Maintenance and Repair Plan.

CSO Response to Finding 4: Concession Agreement Safety Plan

Safety Plans: Of the seven sub-contractors agreement, the CSO Provided Safety Plans for three subcontractors.

Response: *With the exception of the Florida National Park Association all subcontractors Safety*

Report: A-1920DEP-015

Plans were submitted to the Park Manager.

OIG Comment

During the audit, Park management could not provide all of the CSO's subcontractor Safety Plans. This Finding was addressed to the Division. As such, we recommended the Division provide additional oversight of CSO activities to ensure annual revisions of the CSO's Safety Plan are evaluated and approved by the Department Safety Officer and Park Manager as required in the Concession Agreement. We also recommended the Division work with the Park to address the CSO's lack of management oversight regarding subcontractor safety plans to ensure the consistent safety of all Park staff, volunteers, and visitors. Per the Division's response, this has been addressed.

CSO Response to Finding 5: Division Oversight of CSO and Concession Agreement Activities

Concession Agreement and CSO Operating Inconsistencies.

Recitals established in the CSO's, Concession Agreement state that any obligations under the Agreement shall not apply to the CSO Annual program Plan of funding tours and events. The CSO's Annual Program Plan includes eco-tours, swamp walks, and tram tours as part of their planned programs. However services authorized under Special Conditions Paragraph C of the Concession Agreement are listed as follows...

As written the Concession Agreement contains conflicting directions regarding services offerings between the CSO Agreement and the Concession Agreement.

Response: *The Executive Director stated that the eco-tours conducted by the CSO as per the approved Annual Program Plan such as tram tours and swamp walks are not conducted daily and not throughout the year and that commercial tours operators can apply for permits to conduct tram tours and swamp walks.*

OIG Comment

The Executive Director's statements are not relevant to the Finding result which states, *As written, the Concession Agreement contains conflicting direction regarding service offerings between the CSO Agreement and Concession Agreement.* This Finding was addressed to the Division. As such, we recommended that if the Division continues the current Concession Agreement with the CSO the Concession Agreement should be amended to correct the inconsistent direction regarding the CSO's Annual Program Plan tours and required interpretive tours and programming required under the Concession Agreement. Per the Division's response, this is being addressed.

CSO Response to Finding 5 (continued)

CSO Financial Benefits and Obligations under the Concession Agreement

The CSO employee related expenses in 2019 for the Exec. Director who manages the Concession Agreement was \$38,722.

Response: The employee related expenses are not exclusive to the management of the Concession Agreement, employee expenses are for managing the entire CSO day to day operations.

OIG Comment

The CSO's response statement had already been acknowledged in the report as stated in the footnote on page 15.

CSO Response to Finding 5 (continued)

Through the management of subcontracts, the CSO has been able to reduce the number of businesses providing tours in the Park

Response: The Executive Director stated that the permit program eliminated commercial tour companies who had been conducting tours for years in the park for without authorization.

OIG Comment

Authorization for businesses operating in the Park is the responsibility of the Division and Park management.

CSO Response to Finding 5 (continued)

The list of agreed upon (capital improvements) projects was due by June 2019, and completion of projects was due Dec 31, 2021. The Park Manager extended the due date for the list of projects to December, 2019.

Response: *The first CSO letter listing the Capital Imp. projects sent to the Park Manager is dated the 28th February 2019 meeting the June 30th 2019 deadline on the Agreement. The projects listed were the same as offered on the Bid. No response was received to the first CSO project letter/list.*

On June 28, 2019 the CSO e-mailed the projects letter/list to District 4 and the Park Manager, the CSO did not receive a response.

The CSO received a letter dated 26 Sept 2019 from the Park Manager extending the deadline to approve the list of Capital Imp. projects to December 31, 2019. Subsequently, the CSO issued an updated letter/list dated 30 Sept 2019 to the Park Manager to record the increased expenditures for the Capital Imp.

On the 30 Jan 2020 the CSO submitted another updated letter/list to the Park Manager providing the most recent figures exceeding \$120,000.00, this is the CSO letter the auditor refers to in the audit report.

At a 12th February 2020 “On Board meeting” conducted by the Park Business Development Leader, at which District 4 the Park Manager and the CSO were present, the CSO reminded DEP that the Capital Improvement list had not been approved and had now passed the extended deadline of December 30, 2020. At that meeting the Park Manager was directed to issue a retroactive authorization “Notice to Proceed” to the CSO. The CSO received a “Notice to Proceed” dated 27 February 2020 from the Park Manager listing the Capital Improvement projects and latest figures.

OIG Comment

For this Finding, we recommended that the Division ensure the CSO complies with its capital improvement funding obligation under the Concession Agreement. Per the Division's response, the CSO's capital improvement funding obligation is being addressed.