



Department of Environmental Protection Office of Inspector General

August 29, 2023

Report A-2223DEP-002

Audit of the Agreement with Friends of Lovers Key, Inc. Citizen Support Organization

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of the Division of Recreation and Parks (Division) Citizen Support Organization Agreement (Agreement) with the Friends of Lovers Key, Inc. (CSO). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2022-2023.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of the audit included activities for the Agreement with the CSO for the period beginning on January 1, 2021, to the present.

The objectives of the audit were to:

- Evaluate controls over CSO Agreement revenue and expenses.
- Determine the CSO's Compliance with the CSO Agreement.
- Evaluate Division management oversight of CSO activities.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, and internal operating procedures;
- Obtaining documentation and conducting analyses of Division and CSO records; and
- Conducting interviews with CSO Officers and Lovers Key State Park (Park) staff.

BACKGROUND

The Agreement with the CSO was executed in February 2015. The CSO raises funds through membership dues, donations, gift shop sales, and special events. During the scope of the audit, the CSO used funds to support the completion of educational displays inside the Welcome and Discovery Center. The CSO also funded, developed, and implemented a series of educational programs including a speaker series, panel discussions, and educational day-camps.

During our audit, in late September 2022, Hurricane Ian made landfall just north of the Park. Following the storm, the Park was closed due to the severity of damage sustained. Rebuilding efforts are underway; however, five months after the storm the majority of the Park remained closed to the public. Due to the Park closure, we were unable to conduct an on-site visit as part of this audit. Instead, we relied on communications with the CSO Officers and Park staff primarily through interviews, emails, and phone conversations.

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RESULTS OF AUDIT

During the audit, we reviewed documentation from the CSO and the Division for the period of January 2021 through June 2022, including but not limited to, monthly bank statements, general ledgers, monthly profit and loss statements, records associated with CSO events, CSO created policies and Bylaws, Volunteer records, annual reports, and meeting minutes. In addition, we reviewed CSO revenue and expense source documents for the sample months of February and March 2022. Based on our review, we found the following:

Revenue and Expenses

According to the CSO's financial records and the 2022 Legislative Report, the CSO's revenue and expenses during the calendar year 2021 were as follows:

2021 CSO Revenues and Expenses		
Revenues		
<i>Contributions, Gifts, and Grants</i>	Membership Dues	\$26,565
	Fundraising Events	\$10,000
	Government Grants	\$40,028
	Other Contributions	\$182,777
<i>Program Services</i>	Boat Show	\$20,896
	Beach and Brews	\$15,973
	Educational Programs	\$9,617
	Other Programs	\$376
<i>Other Revenue</i>	Investment Income	\$324
	Fundraising Net Income	\$(9,070)
	Inventory Sales Net Income	\$14,260
	Miscellaneous	\$92
Total Revenue		\$311,838
Expenses		
	Accounting	\$7,395
	Professional Fundraising Services	\$16,000
	Advertising and Promotion	\$36,061
	Office Expenses	\$5,700
	Other Expenses	\$2,750
	Information Technology	\$18,896
	Conferences, Conventions, and Meetings	\$345
	Depreciation, Depletion, and Amortization	\$532
	Insurance	\$100
	Chamber and other Memberships	\$740
	Support for Lovers Key State Park	\$4,109
Total Expenses		\$92,628
Net Profit/(Loss) from FY 2021		\$219,210

Each transaction listed in the general ledger from January 2021 through June 2022 was compared to the bank statements provided by the CSO. Based on our review, we determined

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the general ledger transactions were generally supported by the bank statements. Transactions during the two sample months, February and March 2022, were analyzed further. Our review indicated that the supplemental documentation generally supported the transactions on the general ledger, with the exception of the funds associated with Salsa Labs, Inc¹, which we were unable to evaluate. We requested documentation for all transactions processed through the Salsa software during the sample months; however, the CSO was unable to provide the requested documentation, citing damages sustained from Hurricane Ian as the reason.

CSO Financial Policies

The CSO Handbook requires CSOs to *address financial policies either in their Bylaws or through a separate stand-alone financial policy*. The CSO provided a copy of their Board Financial Policies (Financial Policy) which includes policies regarding adoption of a budget, finance committee, audit committee, approval of non-budgeted items, check signing and withdrawal of funds, cash handling procedures, special events, inventory, endowment, and gift acceptance. We reviewed the requirements within the Financial Policy in order to determine compliance with the following areas:

- Finance Committee: According to the Financial Policy, the CSO President *shall appoint a finance committee, which will include the treasurer and at least one board member*. Based on interviews with the CSO President, we determined that while a finance committee existed previously, there was not one currently.
- Check Authorization: According to the Financial Policy, all checks shall be signed by a designated officer who has been authorized by the Board of Directors. Additionally, *any checks over \$500 shall require two signatures*. Based on our review, of the sample months, forty-two checks were written and twenty-seven were over five-hundred dollars. Each check contained at least one signature; however, one check that exceeded five-hundred dollars, did not contain two signatures as required.
- Reimbursements: The Financial Policy mandates, *board member approval is needed for any reimbursement over \$500*. Additionally, when CSO funds are used to reimburse a volunteer or staff member, *a written explanation should accompany a receipt of why other means of payment were not available*. Based on our review of the documentation provided, written justifications were not completed and included with the reimbursement documentation.
- Cash Handling: According to the Financial Policy, *all checks and cash will be taken to the bank for deposit... Deposits are made the same day they are taken from the park. No deposits are taken home or deposited at a later date*. Based on our review, we noted that CSO funds are not generally deposited the same day they are removed from the Park. Additionally, the Financial Policy states that, *Funds awaiting deposit should be kept in the Park safe, and Only park staff shall have access to the safe*. This requirement appears to be in conflict with the recommendations included in the CSO Handbook, which state CSO funds should be kept separately and not combined with State funds. Based on our review; however, we noted that funds collected at the ranger station on behalf of the CSO are kept separately from State funds. The CSO's funds are stored in their own safe, rather than the Park safe. Based on interviews with the CSO, we noted that Park Rangers, the Park Manager, and multiple CSO Officers have access to the safe.

¹ Salsa Labs, Inc. a software utilized by FOLKS, is intended to manage money generated through fundraising efforts.

CSO Compliance with Agreement and Division Requirements

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

- Not-For-Profit Corporation Annual Report: Paragraph 13 of the Agreement states, *the CSO shall file and renew the Not-For-Profit Corporation Annual Report annually with the Department of State, in accordance with Chapter 617, Florida Statutes*. Based on our review, we determined this report was filed as required.
- CSO Annual Report to the Legislature: According to § 20.058, F.S., the Department must collect information from the CSO and submit the report to the Governor and Legislature each year by August 15. Paragraph 14 of the Agreement requires the CSO to submit the necessary information to the Division by July 1, so the report can be submitted in accordance with the statutory requirement. Our review determined the reports for 2021 and 2022 were submitted timely and contained information required by the Agreement and § 20.058, F.S.
- Code of Ethics: Pursuant to § 112.3251, F.S., the CSO must adopt a Code of Ethics that is easily accessible on their website. The Code of Ethics must detail the standards of conduct and disclosures by the CSO board members, Officers, and employees. During the audit, we verified the Code of Ethics was available on the CSO's website and adequately addressed the standards of conduct and disclosures.
- Payment Card Industry (PCI) Data Security Standards (DSS): Section 4.11 of the Division's CSO Handbook requires the CSO to comply with PCI DSS if the organization accepts payment cards. To comply, the CSO must annually complete a PCI Self-Assessment Questionnaire and an Attestation of Compliance. These forms are to be completed by May 1 of each year and retained by the Park Manager. Our review found the CSO had not completed a Self-Assessment Questionnaire or an Attestation of Compliance for 2021 or 2022, as required. According to the Park Manager, the last submission received was dated April 30, 2020.

Annual Program Plan

According to the Agreement, the CSO *shall develop and submit an Annual Program Plan to the Park Manager for review on or before the end of the CSO's fiscal year, which in this case is December 31. Additionally, the CSO Handbook requires the plan include all proposed projects (park improvements, large construction, plans for endowments or contracts, fundraising activities, visitor service activities, and events). For each proposed in-park activity and event, the plan must include the designation of a specific location, date, and time*. We reviewed the 2021 and 2022 Annual Program Plans and determined that both plans included proposed projects, were submitted timely, and were signed by the Park Manager; however, the plans did not specify the location, date, and time of each activity occurring on Park property. According to Division management and Chapter 1.4 of the updated Operations Manual, specific event details no longer need to be included in the Annual Program Plan.

Annual Financial Report

Section 5.7 of the CSO Handbook outlines requirements for the CSO to submit an Annual Financial Report. However, it was determined in previous audits that the Annual Financial Report is no longer required by the Division although the authoritative documents have not been updated to reflect the current practices and requirements.

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Sales Tax

Chapter 2.11 of the CSO Handbook states, *the sales tax number is required for any organization or business selling items such as books, posters, T-shirts, admission tickets, and any other retail items. Florida law requires a CSO to collect and report sales tax on all taxable sales.* According to the Florida Department of Revenue (DOR) Florida Sales and Use Tax GT-800013 (GT-800013) form, State sales tax, plus any applicable discretionary sales surtax, is due on the sale of taxable goods or services. Based on our review, we found the CSO sold merchandise at multiple locations in the Park, including in the Welcome and Discovery Center store and the ranger station. As part of the audit, we reviewed financial records received from the CSO and compared the CSO's revenue and expenses to the reported sales tax collections during 2022. Our review determined that sales tax was remitted to DOR as required.

Event Documentation

The CSO Handbook specifies several requirements that must be met before each event held at the Park, including permits and vendor's proof of insurance. Based on our review of available documentation related to the 2022 Annual Gala event, we were unable to verify whether all required documentation was submitted due to some documents being destroyed during Hurricane Ian. Additionally, Park entry fees charged during the 2022 Annual Gala were incorporated into the price of the event ticket and were priced at \$2 per person. Pursuant to the Agreement, *the Park may not forgo its usual Park entrance fee in connection with CSO functions. The CSO may seek donations or charge a separate fee in lieu of the usual Park entrance fee for attendance at a CSO event or program within portions of the Park facility, provided they comply with specific requirements.* If the CSO requests to charge a separate entrance fee, the request must be made in writing and submitted to the Park Manager. The Park Manager must then forward the request to the District Bureau Chief for approval. If approved, the CSO is responsible for remitting the entrance fee amount for each event attendee in accordance with the Florida Park Service Fee Schedule.

Based on our review, there was not a specific request made in writing regarding the \$2 per person Park entrance fee charged for the event, though the Short-Term Special Event Permit included the \$2 per person Park entrance fee. The permit form was approved by the Park Manager and the District as required. However, we were unable to verify that the Park entrance fees had been paid to the Department for the event. We reviewed financial records provided by the CSO, and we requested the Park Manager and the CSO provide supporting documentation showing the Park entry fees had been remitted to the Department. Neither were able to provide documentation showing the remittance of the Park entry fees, and the Park Manager indicated the fees had not been remitted to the Department.

CSO Membership and Meetings

The organizational structure of the CSO is primarily dictated by their Bylaws which state, *the CSO shall be managed by a Board of Directors. The size of the Board of Directors shall be determined by the Board President, provided that the number of Directors shall never be less than 5 and shall not exceed 13.* According to the 2022 Legislative Report, fourteen individuals were serving as Board of Director members. Based on our review of the monthly meeting minutes, the number of people serving on the board appeared to be within the allowable range.

Additionally, the Bylaws state the CSO must have Officers fulfilling designated positions². Based on our review of meeting minutes, the required Officer positions on the board were filled. However, our review determined that the CSO did not have a designated Membership Coordinator. According to the Bylaws, *the Membership Coordinator shall keep a true and*

² The Board of Directors must include a President, Vice President, Vice President of Donor Development, Treasurer, Secretary, and Membership Coordinator.

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accurate membership listing of the names and addresses of all members. Upon request, the CSO was not able to provide a list of member names or addresses. Additionally, according to the CSO's Bylaws, the Board of Directors shall include the Park Manager, *who shall have the same powers as other members of the Board, excluding the right to vote, and may hold office other than President.* This provision is in direct conflict with the Division's Operations Manual, which states, *Park employees must not serve on the board or as an officer of their park's CSO, including as an ex-officio member.*

The CSO Bylaws state, *the Annual Meeting of the Corporation shall be held in January or as designated by the Board of Directors.* Based on our review of meeting minutes, we determined that the Annual Meeting was held in 2021 and 2022 as required. Additionally, Chapter 1.6 of the Division's CSO Handbook states the role of the Park Manager *includes attending all CSO meetings and encouraging additional park staff to participate in CSO meetings to promote a successful working relationship.* Based on our review, the CSO's meeting minutes indicated that the Park Manager attended and participated in the Board of Director meetings as required.

Division Oversight

CSO Management Review

According to Chapter 7.2 of the Operations Manual, and pursuant to §§ 215.981 and 215.981(2), F.S., *the Division must conduct management reviews of all CSOs falling below the annual \$300,000 expenditure limit.* To remain in compliance with statutory requirements, the Operations Manual states, *all CSOs below the expenditure limit must participate in a CSO Management Review conducted by the District once every four years.* Based on our review, we determined a Management Review was completed in February 2022.

CSO Grants

Section 4.12.3 of the CSO Handbook states in part, *Department Directive 150, Delegation of Authority, requires the Division Director or designee to approve all grant proposals, including those submitted by CSOs on behalf of the Division.* Additionally, paragraph 6 of the Agreement requires, *the Division Director or his/her designee to approve all grant proposals, including those submitted by the CSOs on behalf of the Division.* The purpose of this requirement is to ensure grant proposals are consistent with the Division's goals and objectives, the Park's needs, the Unit Management Plan, and to ensure no restrictions are placed on state lands. The Operations Manual details the actions the CSO must take before applying for any grant on behalf of the Division. We reviewed a list of grants the CSO applied for during the scope of this audit. Based on our review we requested the Park Manager provide all approval documentation associated with one grant that had been awarded to the CSO in July 2022. The Park Manager responded to our request as follows, "This grant was applied for by a CSO board member without permission or knowledge provided to the Park Manager or the division. After the fact, all board members were provided with information on why and how grants are to be applied for and they require prior approval." Based on our review, it appears the CSO did not request or receive the Division Director's approval prior to applying for the grant. In addition, we found the Division's CSO Handbook, dated January 15, 2015, has not been revised to reflect the deleted Department Directive 150. This was noted in prior Audit Report A-2122DEP-018, *Audit of Agreement with Florida State Park Foundation, Inc.*, published in 2023.

Volunteer Coordination

The Division's CSO Handbook and the Operations Manual set forth procedures for the administration of Volunteers for the Division and require each Volunteer's VSys³ profile to contain an active Volunteer Agreement, a record of the number of Volunteer hours served, a list of

³ Division's Volunteer Management System (VSys) is an application system used to maintain all volunteer records.

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completed trainings, and proof of clean background checks. Based on our review, we determined Volunteer Agreements were not completed and uploaded to VSys for all board members and sexual offender checks were not completed for each board member, as required.

- Volunteer Agreements: We reviewed Volunteer Agreements uploaded into VSys for the fourteen CSO board members and Officers included in the 2022 Legislative Report. At the time of our review, three of the members had left their positions on the board. For the remaining eleven CSO board members, we determined Volunteer Agreements were not completed or uploaded to VSys as required. Specifically, we found:
 - Four members had active Volunteer Agreements in VSys, as required.
 - Two members had expired Volunteer Agreements in VSys.
 - Four members did not have a Volunteer Agreement in VSys.
 - One member did not have a profile in VSys at all.

- Sexual Offender Checks: According to the Operations Manual, Volunteers *must have checks conducted through both the U.S. Department of Justice National Sexual Offender Public Website (NSOPW) and Florida Sexual Offenders and Predators*. Checks must be completed and recorded in each Volunteer's profile in VSys. Based on our review, we determined sexual offender checks were not completed for each board member as required. Specifically, we found:
 - Seven members had both sexual predator checks saved in VSys, as required.
 - One member had the Florida Sexual Predator and Offender's Check saved in VSys, but not both checks as required.
 - Two members had no sexual offender checks saved in VSys.
 - One member did not have a profile in VSys.

- Volunteer Hours: According to the Operations Manual, *the Park is responsible for ensuring volunteer hours are recorded in VSys monthly*. Additionally, February 1, 2022, update of the Operations Manual further specified *a CSO is required to track the service hours of its Board of Directors and officers contributing to its park(s) and record service hours in VSys no later than the 10th of the following month*. Volunteers have the option of entering their own hours into VSys, rather than submitting their time records to the Park; however, it is still the responsibility of the Park to ensure Volunteer hours are recorded monthly in VSys. We analyzed the Volunteer hours submitted by each CSO board member during 2021 and 2022 calendar years. Based on our review, we determined that Volunteer hours are being recorded for a majority of the CSO board members; however, there are several instances where Volunteer hours were not recorded. One CSO board member had no Volunteer hours recorded in VSys. We requested Volunteer records for that individual but did not receive any records. We were also told that the individual had, "No timesheets submitted, several requests for the timesheets to be submitted were sent via email and asked during board meetings." The CSO told us that there was currently no process to guarantee hours are being tracked and submitted for CSO board members.

- Annual Training: According to the Operations Manual, *regular service volunteers in state parks are required to complete the Annual DEP Volunteer Combo Training*. Based on our review, we determined that the training requirements had not been met for all CSO board members. For the eleven CSO board members we reviewed, we found:
 - Five members had proof of completing Annual Combo Training within the last year, as required.
 - Two members had Annual Combo Trainings that expired.
 - Three members had no indication that Annual Combo Training had ever been completed.
 - One member did not have a profile in VSys.

CONCLUSION

Based on our audit, the CSO was established and operates in accordance with § 258.015, F.S. During our review, we noted internal control weaknesses in the areas of adherence to CSO Financial Policy and Bylaws, Volunteer coordination and recordkeeping, and membership tracking. Additionally, we identified opportunities for management to strengthen oversight and monitoring controls to ensure compliance with the Agreement and Division requirements. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Adherence to the CSO's Financial Policy – The CSO's Financial Policy was not always followed, as required by the Agreement.

Based on our review, we found the CSO was not in compliance with its Financial Policy in the following areas:

Finance Committee: According to the Financial Policy, the CSO President *shall appoint a finance committee, which will include the treasurer and at least one board member*. Based on interviews with the CSO President, we determined that while a finance committee existed previously, there is not one currently.

Check Signing Authority: According to the Financial Policy, all checks shall be signed by a designated officer who has been authorized by the Board of Directors. Additionally, *any checks over \$500 shall require two signatures*. Based on our review, of the forty-two checks issued during the sample months, twenty-seven were for an amount greater than five-hundred dollars. Each check contained at least one signature; however, one check that exceeded five-hundred dollars, did not contain two signatures as required.

Reimbursements Documentation: According to the Financial Policy, *board member approval is needed for any reimbursement over \$500*. Additionally, when CSO funds are used to reimburse a volunteer or staff member, *a written explanation should accompany a receipt of why other means of payment were not available*. Based on our review of the documentation provided, written justifications were not completed and included with the reimbursement documentation.

Deposits: According to the Financial Policy, deposits of CSO funds must be *made the same day they are taken from the park* and funds are not to be, *taken home or deposited at a later date*. As part of our audit, we interviewed the Park Manager and the CSO to determine their cash-handling practices. Based on our interviews, we determined multiple times each week, the Treasurer collects the CSO's money from the Park. However, the Treasurer noted that funds are generally not deposited the same day they are removed from the Park. The Treasurer explained deposits are not made the same day, because there is no bank on the island; therefore, they must drive an hour and a half into town to deposit the funds. Additionally, the Financial Policy states, *funds awaiting deposit should be kept in the Park safe*, which should only be accessible to Park staff. This requirement is in conflict with the recommendations included in the CSO Handbook, which states CSO funds should be kept separately and not combined with state funds. Based on our review, we noted that funds collected at the ranger station on behalf of the CSO are kept separately from state funds. The CSO's funds are stored in their own safe, rather than the Park safe. Based on interviews with the CSO, we noted that Park Rangers, the Park Manager, and multiple CSO Officers have access to the safe.

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Recommendations:

- 1.1 We recommend the Division provide additional oversight to ensure compliance with the established CSO Financial Policy. This includes ensuring that the CSO:
- appoints a finance committee as required;
 - ensures checks contain the required board member(s) signatures;
 - provides written justification for all reimbursements and the justification documentation is included with the receipt;
 - revises the Financial Policy to be in compliance with the CSO Handbook; and
 - makes deposits the same day funds are removed from the Park, as required.

Division Response:

- 1.1 The Division concurs with the finding and will provide additional oversight to ensure compliance with the established CSO Financial Policy.

CSO Response:

At its August 8, 2023, meeting the FOLKS board reinstated the finance committee with the FOLKS treasurer as chair and appointed two additional board members.

FOLKS indeed has a policy requiring two signatures on checks over \$500.00. In reviewing the situation with the one, check it was not determined how this situation occurred. In the future, all checks will be reviewed when mailed or presented to the vendor to ensure that the required two signatures and made.

The Expense Reimbursement Form has been revised to include the need to document the purpose of the reimbursement request.

Financial policies will be revised to be in compliance with CSO Handbook and to determine the methodology related to the question concerning daily deposits. Since the Park is still in the process of recovery a permanent policy may not be realistic for 12 to 24 months. In the interim, the finance committee will review the current physical situation in the park and develop a temporary policy.

Finding 2: Volunteer Records – Volunteer records, including Volunteer Agreements, sexual predator checks, Volunteer hours, and training requirements were not completed or maintained in the Division’s Volunteer Management System (V Sys), as required.

Based on our review, we found some Volunteer records were not completed or maintained in V Sys as required, specifically regarding the Volunteer Agreements, sexual predator checks, Volunteer hours, and training requirements.

Volunteer Agreements

The Division’s CSO Handbook and Chapter 1.6 of the Operations Manual, require each Volunteer’s V Sys profile to contain an active Volunteer Agreement, a record of the number of Volunteer hours served, a list of completed trainings, and proof of clean background checks. We reviewed the V Sys records for the fourteen CSO board members and Officers included in the 2022 Legislative Report. At the time of our review, three of the members had left their positions on the board. For the remaining eleven CSO board members, we determined Volunteer Agreements were not completed or uploaded to V Sys as required. Specifically, we found:

- Four members had active Volunteer Agreements in V Sys, as required.

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- Two members had expired Volunteer Agreements in VSys.
- Four members did not have a Volunteer Agreement in VSys.
- One member did not have a profile in VSys at all.

Sexual Predator Checks

According to the Operations Manual, Volunteers *must have checks conducted through both the U.S. Department of Justice National Sexual Offender Public Website (NSOPW) and Florida Sexual Offenders and Predators*. Checks must be completed and recorded in each Volunteer's profile in VSys. Based on our review, we determined sexual offender checks were not completed for each board member as required. Specifically, we found:

- Seven members had both sexual predator checks saved in VSys, as required.
- One member had the Florida Sexual Predator and Offender's Check saved in VSys, but not both checks as required.
- Two members had no sexual offender checks saved in VSys.
- One member did not have a profile in VSys.

Volunteer Hours

According to the Operations Manual, *the Park is responsible for ensuring volunteer hours are recorded in VSys monthly*. Additionally, February 1, 2022, update of the Operations Manual further specified *a CSO is required to track the service hours of its Board of Directors and officers contributing to its park(s) and record service hours in VSys no later than the 10th of the following month*. Volunteers have the option of entering their own hours into VSys, rather than submitting their time records to the Park; however, it is still the responsibility of the Park to ensure Volunteer hours are recorded monthly in VSys. We analyzed the Volunteer hours submitted by each CSO board member during 2021 and 2022 calendar years. Based on our review, we determined that Volunteer hours are being recorded for a majority of the CSO board members; however, there are several instances where Volunteer hours were not recorded. One CSO board member had no Volunteer hours recorded in VSys. We requested Volunteer records for that individual but did not receive any records. We were also told that the individual had, "No timesheets submitted, several requests for the timesheets to be submitted were sent via email and asked during board meetings." The CSO told us that there was currently no process to guarantee hours are being tracked and submitted for CSO board members.

Annual Training Requirements

According to the Operations Manual, *regular service volunteers in state parks are required to complete the Annual DEP Volunteer Combo Training*. Based on our review, we determined that the training requirements had not been met for all CSO board members. Specifically, we found of the eleven CSO board members:

- Five members had proof of completing Annual Combo Training within the last year, as required.
- Two members had Annual Combo Trainings that expired.
- Three members had no indication that Annual Combo Training had ever been completed.
- One member did not have a profile in VSys.

Recommendations:

- 2.1** We recommend the Division and Park work with the CSO to ensure all Volunteer Agreements and sexual offender checks are completed prior to the start of a Volunteer providing service at the Park.
- 2.2** We recommend the Division and Park work with the CSO to ensure current board members have active profiles in VSys and Volunteer records are maintained in VSys as required.

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- 2.3 We recommend the Division and Park work with the CSO to ensure all Volunteers complete the DEP combo training annually, as required.

Division Response:

- 2.1 The Division concurs with the finding and will work with the CSO to ensure all Volunteer Agreements and sexual offender checks are completed prior to the start of a Volunteer providing service at the Park.
- 2.2 The Division concurs with the finding and will work with the CSO to ensure current board members have active profiles in VSys and Volunteer records are maintained in VSys as required.
- 2.3 The Division concurs with the finding and will work with the CSO to ensure all Volunteers complete the DEP combo training annually, as required.

CSO Response:

At its August 8, 2023, meeting the FOLKS board discussed this situation and all board members were to update their information in the VSys by August 20, 2023.

The FOLKS bylaws will be amended to include as a condition of board membership that all state requirements related to these matters be completed as required.

The FOLKS secretary will coordinate with the Park coordinator responsible for managing the Vsys system. To monitor compliance.

Finding 3: CSO Events – The CSO did not adhere to event requirements pursuant to the CSO Handbook and the Agreement, including the submission of required documentation and the remittance of the Park entrance fees to the Department.

Event Documentation

The CSO Handbook specifies several requirements that must be met before each event. Below is a list of required documentation:

- Written Essential Eligibility Criteria
- Written Park Manager approval to serve alcohol, if applicable
- Short Term Special Event Permit
- Vendor's Proof of Insurance
- Vendor's Permits

We reviewed records for the 2022 Annual Gala, provided by the Park Manager which included the Short-Term Special Event Permit, Essential Eligibility Criteria, and approval to serve alcoholic beverages. However, neither the Park Manager nor CSO were able to provide the remaining documentation. According to the Park Manager, all vendor permits and proof of vendor insurance documents were in paper format and destroyed during Hurricane Ian.

Park Entry Fees

Park entry fees charged during the 2022 Annual Gala were incorporated into the price of the event ticket and were priced at \$2 per person. Pursuant to the Agreement, the *Park may not forgo its usual Park entrance fee in connection with CSO functions. The CSO may seek donations or charge a separate fee in lieu of the usual Park entrance fee for attendance at a CSO event or program within portions of the Park facility*, provided they comply with specific

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requirements. If the CSO requests to charge a separate entrance fee, the request must be made in writing and submitted to the Park Manager. The Park Manager must then forward the request to the District Bureau Chief for approval. If approved, the CSO is responsible for remitting the entrance fee amount for each event attendee in accordance with the Florida Park Service Fee Schedule.

Based on our review, there was not a specific request made in writing regarding the \$2 per person Park entrance fees charged for the event, though the Short-Term Special Event Permit included the \$2 per person Park entrance fee. The permit form was approved by the Park Manager and the District as required. However, we were unable to verify that the Park entrance fees had been paid by the CSO for the event. We reviewed financial records provided by the CSO, and we requested the Park Manager and the CSO provide supporting documentation showing the Park entry fees had been remitted to the Department. Neither were able to provide documentation showing the remittance of the Park entry fees, and the Park Manager indicated the fees had not been remitted to the Department.

Recommendations:

- 3.1 We recommend the Division work with the Park to ensure required event documentation is received and an electronic record maintained in the event of another force majeure.
- 3.2 We recommend the Division review whether or not the CSO remitted Park entrance fees to the Department for past events held at the Park and seek reimbursement if appropriate. Documentation for such payments should be monitored and maintained electronically by Park management.

Division Response:

- 3.1 The Division concurs with the finding and will work with the Park to ensure required event documentation is received and an electronic record maintained in the event of another force majeure.
- 3.2 The Division concurs with the finding and will provide documentation for events held at the Park. The payments will be monitored and maintained electronically by Park management.

CSO Response:

The finance committee will begin as soon as possible the creation of a Disaster recovery plan related to both past and future document safeguarding. This process will also be affected by the ongoing recovery in the park.

The Entrance fees mentioned were billed by Park and paid by FOLKS in August 2023.

Finding 4: Payment Card Industry Standards – The CSO had not completed the annual PCI Self-Assessment Questionnaire or the Attestation of Compliance, as required.

Section 4.11 of the Division’s CSO Handbook requires the CSO to comply with PCI DSS if the organization accepts payment cards. To comply, the CSO must annually complete a PCI Self-Assessment Questionnaire and an Attestation of Compliance. These forms are to be completed by May 1 of each year and retained by the Park Manager. Our review found the CSO had not completed a Self-Assessment Questionnaire or an Attestation of Compliance for 2021 or 2022,

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as required. According to the Park Manager, the last submission received was dated April 30, 2020.

Recommendations:

- 4.1. We recommend the Division and Park work with the CSO to ensure the CSO complies with Payment Card Industry standards and annually completes a PCI Self-Assessment Questionnaire and Attestation of Compliance.

Division Response:

- 4.1 The division concurs with the finding and will work to add PCI Compliance review to the annual CSO management review worksheet.

CSO Response:

The FOLKS board approved on August 8, 2023, new point of sales systems for FOLKS including new payment card capabilities. Once the new system is implemented and sales resume the PCI Self-Assessment will be completed.

Finding 5: Grant Proposal Approval – The CSO did not obtain approval prior to applying for a grant, as required.

Section 4.12.3 of the CSO Handbook states in part, *Department Directive 150, Delegation of Authority, requires the Division Director or designee to approve all grant proposals, including those submitted by CSOs on behalf of the Division.* Additionally, paragraph 6 of the Agreement requires, *the Division Director or his/her designee to approve all grant proposals, including those submitted by the CSOs on behalf of the Division.* The purpose of this requirement is to ensure grant proposals are consistent with the Division’s goals and objectives, the Park’s needs, the Unit Management Plan, and to ensure no restrictions are placed on state lands. The Operations Manual details the actions the CSO must take before applying for any grant on behalf of the Division.

We reviewed a list of grants the CSO applied for during the scope of this audit. Based on our review we requested the Park Manager provide all approval documentation associated with one grant that had been awarded to the CSO in July 2022. The Park Manager responded to our request as follows, “This grant was applied for by a CSO board member without permission or knowledge provided to the Park Manager or the division. After the fact, all board members were provided with information on why and how grants are to be applied for and they require prior approval.” Based on our review, it appears the CSO did not request or receive the Division Director’s approval prior to applying for the grant.

In addition, we found the Division’s CSO Handbook, dated January 15, 2015, has not been revised to reflect the deleted Department Directive 150. This was noted in prior Audit Report A-2122DEP-018, *Audit of Agreement with Florida State Park Foundation, Inc.*, published in 2023.

Recommendations:

- 5.1 We recommend the Department and Park work with the CSO to ensure grant proposals are submitted to the Department and approved by the Division Director, as required.

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- 5.2 We recommend the Division revise the CSO Handbook to remove the deleted Department Directive 150 reference and update to include the requirement for prior Division Director or designee approval for all grant proposals submitted by the CSO.

Division Response:

- 5.1 The division concurs with the finding and will work with the CSO to ensure grant proposals are submitted prior to the grant application. Proposals will be submitted to the Department through the park manager to district for approval.
- 5.2 The division concurs with the finding and will work to revise the CSO Handbook to remove the deleted Department Directive 150 reference and update to include the requirement for prior Division Director or designee approval for all grant proposals submitted by the CSO.

CSO Response:

As indicated above, this situation related to a grant initiated by a board member without seeking FOLKS board approval. The FOLKS financial policies will be revised to require both Board, Park, and Division approval. This will be communicated in writing to all FOLKS board members.

Finding 6: CSO Membership Data – Membership records have not been maintained as required by the CSO Bylaws.

The organizational structure of the CSO is primarily dictated by their Bylaws which state the CSO must have Officers fulfilling certain designated positions, including a President, Vice President, Vice President of Donor Development, Treasurer, Secretary, and Membership Coordinator. Based on our review of meeting minutes, the required Officer positions on the board appear to be filled except for the Membership Coordinator. According to the Bylaws, *the Membership Coordinator shall keep a true and accurate membership listing of the names and addresses of all members*. Upon request, the CSO was not able to provide a list of member names or addresses. Interviews with the CSO revealed the Membership Coordinator position has not been consistently filled due to high turnover among members of the board.

Recommendations:

- 6.1 We recommend the Department and Park work with the CSO to ensure the membership records are maintained and the Membership Coordinator position is filled in accordance with the CSO Bylaws.

Division Response:

- 6.1 The division concurs with the finding and will work with the CSO to ensure the membership records are maintained and the Membership Coordinator position is filled in accordance with the CSO Bylaws.

CSO Response:

FOLKS has been participating in the National Disclosed Worker program related to Hurricane Ian. The individual provided under this program has been recreating the membership records and the FOLKS board has approved the purchase of membership software to maintain the records.

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The Bylaws will be amended to eliminate the membership coordinator as an officer and give the membership oversight responsibility to the FOLKS secretary.

Finding 7: CSO Bylaws – The CSO Bylaws require the Park Manager to serve on the Board of Directors, in direct conflict with the Division’s Operations Manual.

Chapter 1.6 of the CSO Handbook states the role of the Park Manager includes, *attending all CSO meetings and encouraging additional park staff to participate in CSO meetings to promote a successful working relationship*. Based on our review, the CSO meeting minutes indicated that the Park Manager attended and participated in the Board of Director meetings as required.

However, according to the CSO’s Bylaws, the *board of directors shall additionally include the Park Manager. The Park Manager shall have the same powers as other members of the Board, excluding the right to vote, and may hold office other than President*. This provision is in direct conflict with the Section 3.3.1 of the Operations Manual, which states, *Park employees must not serve on the board or as an officer of their park’s CSO, including as an ex-officio member*. Based on a review of Board Meeting Minutes from January 2021, it appears the Park Manager was listed as a 2021 Board Officer.

Recommendations:

- 7.1 We recommend the Department and Park work with the CSO to ensure their Bylaws do not conflict with Division policies.

Division Response:

- 7.1 The Division concurs with the finding and will work with the CSO to ensure their Bylaws do not conflict with Division policies.

CSO Response:

The Bylaws will be amended to remove the conflicts.

Finding 8: Outdated/Conflicting Policies – The Division’s CSO Handbook and the Agreement have not been updated to reflect current practices and control requirements.

Annual Program Plan

According to the Agreement, the CSO *shall develop and submit an Annual Program Plan to the Park Manager for review on or before the end of the CSO’s fiscal year*. Additionally, the CSO Handbook requires the plan *include all proposed projects (park improvements, large construction, plans for endowments or contracts, fundraising activities, visitor service activities, and events)*. *For each proposed in-park activity and event, the plan must include the designation of a specific location, date, and time*. We reviewed the 2021 and 2022 Annual Program Plans and determined that both plans included proposed projects, were submitted timely, and were signed by the Park Manager; however, the plans did not specify the location, date, and time of each activity occurring on Park property. According to Division management and Chapter 1.4 of the updated Operations Manual, specific event details no longer need to be included in the Annual Program Plan.

Annual Financial Report

According to Chapter 5.7 of the Division’s CSO Handbook, *The CSO’s Annual Financial Report, a Division requirement, is not to be confused with the Corporate Annual Report required by the*

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Florida Department of State, Division of Corporations (see Chapter 5: Section 4) or the CSO's Annual Report to the Department (see Chapter 5: Section 12). The Annual Financial Report is due to the Division no later than six (6) months following the close of the CSO's fiscal year. As a result of legislative changes made in 2019 to Section 20.2551 F.S., the information contained in the Annual Financial Report became duplicative of the information in the CSO's Annual Report to the Legislature. Therefore, the Division decided to eliminate the CSO requirement of submitting an Annual Financial Report. The Division's decision was conveyed in an interview during a previous audit. The Division's CSO Handbook, dated January 15, 2015, has not been revised to reflect the updated reporting requirements. Additionally, the Annual Financial Report remains a requirement in paragraph 11 of the Agreement.

This issue was previously addressed in:

- Audit Report A-1920DEP-019, *Audit of Agreement with the Friends of Lake Louisa State Park, Inc., Citizen Support Organization*, published in 2019.
- Audit Report A-2122DEP-019, *Audit of Agreement with Olustee Battlefield Citizens Support Organization, Inc.*, published in 2023.
- Audit Report A-2122DEP-018, *Audit of Agreement with Florida State Park Foundation, Inc.*, published in 2023.

Recommendations:

- 8.1** We recommend the Division revise the CSO Handbook to remove outdated information that reflects current Division policies and requirements.

Division Response:

- 8.1** The Division concurs with the response and will revise the CSO Handbook to remove outdated information that reflects current Division policies and requirements.

CSO Response:

No action required by FOLKS [Friends of Lovers Key].

STATEMENT OF ACCORDANCE

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 § 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 Hannah Heinke-Green and supervised by Susan Cureton.

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