

**Audit of Hontoon Island Foundation, Inc.
Citizen Support Organization**

Division of Recreation and Parks

Report: A-1617DEP-021

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

September 1, 2017

3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3000
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Table of Contents

Scope and Objectives	1
Methodology	1
Background	2
Results	2
Conclusion	5
Findings and Recommendations.....	6
Division Response.....	8

Report: A-1617DEP-021

The Office of Inspector General (OIG) conducted an audit of Hontoon Island Foundation Citizen Support Organization (CSO) at Hontoon Island State Park (Park). This audit was initiated as a result of the Fiscal Year (FY) 2016-2017 Annual Audit Plan.

Scope and Objectives

The scope of this audit included select activities of the CSO during the period of January 1, 2016, through June 30, 2016. The objectives were to:

- determine the accuracy of reported CSO revenues and expenditures
- determine whether the CSO is operating in compliance with the CSO Agreement, Bylaws, Division of Recreation and Parks CSO Handbook, and Operations Manual
- evaluate Park management oversight and controls over CSO activities

Methodology

This audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors. Our procedures included the following:

- review of the CSO Handbook, CSO Agreement, Bylaws, Articles of Incorporation, Division of Recreation and Parks' Operations Manual Chapters 2 and 4, and CSO documents
- review of Sections 20.058, 112.3251, and 258.015, F.S.
- review of CSO revenue and expenditures
- interviews with Park staff and CSO officers

Report: A-1617DEP-021

Background

The CSO was founded in 1993 to support the Park through volunteer Park improvement services. The Park is located on a large river-island near Deland, Florida. The CSO operates the gift shop and supports the Park through repairs and maintenance of Park property. Per CSO records, the CSO was made up of 70 total members, including 36 lifetime members. The CSO maintained its tax-exempt status as a 501(c)(3) Florida not-for-profit corporation as of its most recent Form 990-EZ. The CSO does not maintain a general ledger. However, according to CSO monthly revenue tabulations during the audit period of January through June 2016, total revenues were \$37,716.90. For the same period, bank statements reflected total expenditures of \$32,452.88. Expenditures were primarily for Park support and gift shop supplies.

Results

Reported Revenues

The CSO collects revenues through its gift shop, vending machines, penny press, membership fees, and donation boxes. Daily revenues are recorded on daily tickets, supported by Z-tapes, cash deposit slips, and credit card settlements. According to these daily tickets, total revenues during February 2016 were \$6,266.67, and total revenues during March 2016 were \$9,703.92. Since the CSO does not maintain a general ledger, we compared daily tickets, weekly sales records, bank statements, and DR-15s to determine the accuracy of revenues. Overall, documented revenues were consistent between sources with minor errors.

February Revenues		March Revenues	
Revenues Per DR-15	Revenues Per Z1 Tapes	Revenues Per DR-15	Revenues Per Z1 Tapes
\$6,266.67	\$6,266.67	\$9,703.90	\$9,703.92

Report: A-1617DEP-021

Expenditures

Section 2.12 of the CSO Handbook indicates *all disbursements for goods and services be paid for by credit card or check and receipts and invoices retained*. We requested copies of invoices and cleared checks from January through June 2016. For this period, the CSO provided copies of 38 checks totaling \$10,733.13. Of the 38 checks, supporting invoices were available for 22. Most of these were for CSO Store merchandise and camping supplies. The checks submitted were signed by the CSO Store Manager.

Article IX 2 of the CSO Bylaws indicates that *the President may spend up to five hundred dollars (\$500.00) and the Board may spend up to one thousand dollars (\$1,000.00) on such special projects. Amounts greater than \$1,000.00 must be voted on specific projects individually and approved by a majority of the Board*. We tested 38 checks written from January through June 2016 to determine whether each had approval as required. CSO checks written during February and March 2016 were signed by the CSO Store Manager, to whom the CSO Bylaws do not specify authority for purchases or check signature. CSO Officers and the Park Manager was aware CSO Store Manager performed accounting duties. According to CSO Board Meeting minutes, the checks during the sample period were not formally approved. We discussed this with the Park Manager who indicated that the CSO had not voted to approve expenditures below \$1,000.00. During our test months, the CSO Store Manager wrote one check for more than \$1,000.00, which paid several store merchandise-related invoices to the same vendor. We also requested supporting documentation for a sample of four charges using the CSO bankcard totaling \$4,055.06. These charges were made by the CSO President for CSO store merchandise and were supported by invoices. We noted one expenditure that totaled \$1,595.98. However, the

Report: A-1617DEP-021

CSO Board meeting minutes did not indicated approval as required per Article IX 2 of the CSO Bylaws.

Additionally, Section 2.12 of the CSO Handbook states that *minimal reimbursements be made to staff and volunteers for only documented expenditures*. Three of the checks reviewed were signed by the CSO Store Manager and payable to Park and CSO employees. Of the three, one was written to the CSO Store Manager for \$460.25 and was used to withdraw cash from the CSO bank account. According to the Park Manager, the CSO pays the CSO Store Manager \$60.00 per month to reimburse the cost of gas used while purchasing CSO supplies. This check represented several months of reimbursement. There was no documented approval, or receipts available for this expenditure. Another check reimbursed the CSO President \$436.00 for four rocking chairs, and the third check was in the amount of \$35.03 to reimburse a Park employee for CSO store supplies.

Financial Management and Internal Controls

CSO officers include a President, Vice President, Treasurer, Secretary, and Store Manager. The CSO does not have any employees, and officers are volunteers. According to CSO officers, board members create a budget as a preliminary measure, but they change the budget frequently as they create or cancel projects. The Board typically approves budget changes during quarterly Board meetings, and take suggestions for new budget items from Park staff. The CSO submitted their Annual Report to the Division in December 2015.

The CSO has a locked donation box on the Park ferry, in the CSO store, and at the wilderness stand. CSO officers empty these boxes and store the funds in a locked safe, for which only the CSO officers have the combination. CSO officers indicated that occasionally, Park staff

Report: A-1617DEP-021

empty donation boxes and leave the cash collected in the drop box of the CSO safe. CSO officers indicated that they occasionally purchase items to resell in the CSO store with personal credit cards, reimbursing themselves in cash later. There was no documentation to show when this occurred or whether the amount reimbursed was accurate to the amount spent.

Park Oversight of CSO

According to interviews with Park staff and CSO officers, the Park Manager took an active role in coordinating CSO activities, and CSO Board meetings included allotted time for the Park Manager to discuss Park issues and suggest new ideas. CSO officers indicated that they are in good communication with Park staff, and Park Manager attendance to CSO Board meetings is supported by Board meeting minutes. During our site visit, CSO officers were familiar with Park rules and goals, and Park staff indicated that, overall, they were satisfied with CSO support.

Conclusion

The CSO provided necessary volunteer services at the Park and maintained a good standing with Park staff; however, the CSO did not comply with requirements of CSO Handbook and CSO Bylaws regarding revenue and expenditure record keeping. The CSO did not maintain a general ledger or invoices supporting all expenditures and did not document approval of expenditures as required by the CSO Bylaws.

Report: A-1617DEP-021

Findings and Recommendations

Finding: Financial Procedures

Section 2.12 of the CSO Handbook indicates *all disbursements for goods and services be paid for by credit card or check and receipts and invoices retained*. During our audit, we were provided support for 22 of the 38 checks requested.

Article IX 2 of the CSO Bylaws indicates that *the President may spend up to five hundred dollars (\$500.00) and the Board may spend up to one thousand dollars (\$1,000.00) on such special projects*. Expenditures, including checks written by the CSO Store Manager were not supported by documented approval by the Board as required in the CSO Bylaws.

Section 2.12 of the CSO Handbook requires that *minimal reimbursements be made to staff and volunteers for only documented expenditures*. During the audit period, the CSO made three payments to Park and CSO employees. For two of these payments, the Park did not provide invoices to support the expenditures.

Section 5.9 of the CSO Handbook requires the CSO to provide its general ledger upon request. According to CSO staff, the general ledger was not available during our audit.

Recommendation:

We recommend that the Division direct the CSO to develop financial procedures and amend the CSO Bylaws in regards to financial policies and record keeping in order to comply with the accounting requirements of the CSO Handbook.

Audit of Hontoon Island Foundation, Inc. Citizen Support Organization
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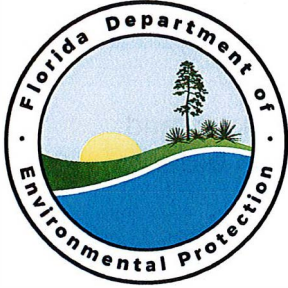
Report: A-1617DEP-021

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 Tyler Bradford and supervised by Valerie J. Peacock.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <http://www.dep.state.fl.us/ig/reports.htm>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.

*Valerie J. Peacock,
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Inspector General*



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Memorandum

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

FROM: Matt Mitchell & Chuck Hatcher, Assistant Directors
Division of Recreation and Parks

SUBJECT: Audit of Hontoon Island Foundation, Inc. Citizen Support Organization
(Report: A-1617DEP-021)

DATE: August 28, 2017



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

Finding: Financial Procedures

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Recommendation

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Division Response:

The Park Manager has been working closely with the Hontoon Island Foundation, Inc., regarding the findings of this audit.

The CSO reported at the time of the audit, the Treasurer abruptly vacated their position and never returned. The Board of Directors cancelled his credit card and a certified letter was sent to notify him that he was no longer part of the CSO Board of Directors. With the Treasurer missing, they could not provide a general ledger of the transactions. The CSO has taken the following measures to correct this finding:

- All CSO transactions are being logged into Quicken, including the year 2016.
- All files have been organized and invoices have been scanned and recorded in Quicken.
- The Board of Directors has given the store manager up to \$1,500 dollars a month to replenish the store inventory. If this limit is reached, further authorization from Board of Directors will be needed.
- CSO officer and park staff has been advised that no store purchases should be made with personal credit cards.

Moving forward, it is imperative the CSO maintain transparency. The CSO Agreement, Bylaws and Code of Ethics are in place to offer procedures which must be adhered to without aberration. Any deviation may result in dissolution.