

Audit of John D. MacArthur Beach State Park

Division of Recreation and Parks

Report: A-1617DEP-028

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

December 14, 2017

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Tallahassee, Florida 32399-3000
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The Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of John D. MacArthur Beach 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 selected activities of the Park during the period of July 1, 2015 through June 30, 2016, as well as select activities through August 2017. The objective was to determine whether the Park is in compliance with Division of Recreation and Parks (Division) requirements, and internal controls are in place with respect to:

- revenue collection and reporting
- cash management
- attendance reporting
- state property and equipment management
- volunteers
- purchases and expenditures

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. The procedures of this audit included an inspection of Park operations, interviews with Division and Park management, and review of authoritative documents and Park records.

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Background

The Park is located on an Atlantic Ocean front barrier island in northern Palm Beach County. The Park provides various recreational activities including canoeing, kayaking, fishing, hiking, snorkeling, swimming, and wildlife viewing. Other amenities include the Nature & Welcome Center, the Pew Family Natural Science Education Center, the Beach Outfitters Gift Shop, a children's playground, and picnicking facilities. The Park also provides various special events including children's education programs, summer camps, guided tours, recreational skills lessons, beach clean-ups, a distinguished speaker series, festivals, and concerts. The table below shows the Park's reported revenue and attendance for FY 2013-2014, FY 2014-2015, and FY 2015-2016.

FISCAL YEAR	PARK REVENUE	PARK ATTENDANCE
2013-2014	\$ 179,825.07	156,143
2014-2015	\$ 247,100.34	165,972
2015-2016	\$ 241,229.42	156,721

Results

Revenue Collection and Reporting

Based on interviews and review of documentation, revenues are generated from entrance fees, guided kayak tours, pavilion and facility rentals, and donations. Revenues are recorded through a single register located in the Park's ranger station, and daily revenues are documented on Daily Receipts Logs by staff operating the register. We reviewed the Daily Receipts Logs for the audit sample months of March and May 2016. All Daily Receipts Logs included signatures of separate staff who collected revenue and verified revenue collections.

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For the audit sample months, we compared revenue reported on Daily Revenue Report Worksheets with revenue support documentation including register Z-1 reports, Daily Receipts Logs, and credit card settlement reports. As shown in the table below, reported revenue agreed with revenue support documentation, with minor discrepancies properly accounted for, and supported, by completed revenue overages/shortages reports.

	MARCH 2016	MAY 2016
REPORTED REVENUE ¹	\$ 27,314.00	\$ 27,176.10
<u>SUPPORT DOCUMENTATION</u>	<u>\$ 27,285.99</u>	<u>\$ 27,191.64</u>
OVERAGES/(SHORTAGES)	\$ 28.01	(\$ 15.54)

Cash Management

For the audit sample months, we compared the Park's bank deposit receipts with the cash and check amounts reported on Daily Revenue Report Worksheets. As shown in the table below, total deposited amounts equaled total reported cash and check amounts for both months.

	MARCH 2016	MAY 2016
REPORTED CASH & CHECK AMOUNTS	\$ 24,233.80	\$ 23,178.90
<u>BANK DEPOSIT RECEIPTS</u>	<u>\$ 24,233.80</u>	<u>\$ 23,178.90</u>
DIFFERENCE	\$ 0.00	\$ 0.00

For the audit sample months, we also reviewed bank deposits for compliance with timeliness and processing requirements. In March 2016, 30 deposits were made. Of these, 11 were processed on the following business day, and 19 were processed between two and four business days after the corresponding revenues were generated. Daily collections totaled less than \$2,000 and all deposit slips were initialed by two staff members as required.

¹ For the purposes of this audit, reported revenue includes transactions conducted at the Park.

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In May 2016, 31 deposits were made. Of these, 9 were processed on the following business day, and 22 were processed between two and four days after the corresponding revenues were generated. Daily collections totaled less than \$2,000 for all but three days. For these three days, deposits were processed on the following business day in compliance with requirements outlined in the Operations Manual, except for one day's deposit, which was processed two business days after the corresponding revenue was generated. Of the 31 deposits, 3 deposit slips were not initialed by two staff members as required.

Attendance Reporting

For the audit sample months, we compared Division attendance records with Park register Z-1 reports. As shown in the following table, Division attendance records agreed with Park register Z-1 reports, with minor discrepancies.

	MARCH 2016	MAY 2016
DIVISION RECORDS	18,757	16,619
<u>REGISTER Z-1 REPORTS</u>	<u>18,739</u>	<u>16,616</u>
DIFFERENCE (+/-)	18	3

State Property and Equipment Management

We selected a sample of 35 items from the Park's Master Property File. During our site visit, we verified 20 items. Of the remaining 15 items, 12 were kayaks that did not have numbered decals. The Park Manager indicated that property identification marking with numbered decals is not practical for kayaks, as they are not designed to withstand frequent interaction with water. We verified all twelve kayaks using the recorded serial numbers. The remaining three items included a golf cart that was subsequently verified, a pressure washer that was previously disposed, and a kayak that had been transferred to another state park.

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Volunteers

Prior to beginning their service at the Park, each volunteer must complete a Volunteer Agreement (DRP-059) and Park staff are to conduct a search of the volunteer in the U.S. Department of Justice National Sexual Offender Public Website and the Florida Department of Law Enforcement's Sexual Offenders and Predators database. The Park must maintain documentation of these searches, as well as the Volunteer Agreement, for each volunteer at the Park or in the Division's electronic volunteer service tracking system (V Sys).

We reviewed Park and V Sys documentation for all resident volunteers who worked during the audit sample months. Of the seven resident volunteers, five had Volunteer Agreements on file that were executed prior to the volunteer's first month of service at the Park. Of the seven resident volunteers, three had both national and state sexual offender searches on file that were executed prior to the volunteer's first month of service at the Park.

Based on review of documentation, the resident volunteers occupied four campsites during the audit sample months. Of the four campsites, three documented 20 hours of volunteer service.

Purchases and Expenditures

Based on review of documentation, Park staff record vehicle usage, service costs, and fuel card (WEX) purchases, including miscellaneous fuel card purchases, on monthly usage logs that are reviewed by Park administrative staff and submitted to the Bureau of General Services. We reviewed all WEX fuel card purchases made during the audit sample months of March and May 2016. Of the 17 purchases, all were recorded in the usage log for the respective vehicle or miscellaneous fuel card, and were supported by signed and dated receipts.

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We reviewed all Purchasing Card (P-Card) purchases made during the audit sample months of March and May 2016. Of the 49 purchases, all were pre-approved by the Park Manager; supported by invoices or receipts; reviewed and reconciled by staff other than the cardholder; and appeared related to Park operations. Supporting receipts for two of the 49 purchases were signed, but not dated, as required.

We also tested four purchase orders processed through MyFloridaMarketPlace² (MFMP), to determine whether expenditures were made in compliance with the requirements specified in Chapter 287, F.S. and Chapter 60A-1.002, Florida Administrative Code (F.A.C.). Each purchase order reviewed included an approved purchase requisition and was supported by a vendor invoice. Of the four purchase orders, a purchase for tree trimming and a purchase for wildlife removal exceeded \$2,500. According to Chapter 60A-1.002(3) F.A.C., *Purchases which meet or exceed \$2,500, but are less than or equal to the threshold for Category Two [\$35,000] may be made using written quotations, written records of telephone quotations, or informal bids to be opened upon receipt, whenever practical. If the agency receives verbal quotations, the name and address of each respondent and the amount quoted shall be a part of the written documentation. If the agency receives less than two quotations, it must include a statement as to why additional quotes were not received.* For the tree trimming purchase, Park management solicited quotes from three vendors. One vendor provided a quote and was awarded the purchase order.

For the wildlife removal purchase, Park management solicited a quote from one vendor. The vendor provided a quote and was awarded the purchase order. According to Chapter 60A-

² MyFloridaMarketPlace is the State of Florida's online procurement system

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1.002(3), F.A.C., *If the agency determines that commodities or contractual services are available only from a single source, or that conditions warrant negotiation on the best terms and conditions, the agency may proceed with the procurement. The agency shall document the conditions and circumstances used to determine the procurement method.* According to the Department Procurement Guide requirements for single source purchases of commodities or contractual services under \$35,000, *the requester is responsible for submitting a Purchase requisition and attaching an Emergency/Single Source/Contract Exception Procurement Form (DEP 55-201) setting forth the description of the commodity or contractual service, the purpose, need and reasons why the commodity or contractual service is the only one that will produce the desired results. The requester must follow appropriate chain of command for delegated approvals prior to transmitting requisition and certification form to the Procurement Section.* Park management submitted a Form DEP 55-201 with the purchase requisition, but detailed justification for using a single source was not included. Based on documentation obtained regarding the purchase, Park management was directed by the District to use the vendor. The purchase was approved by the District and by the Bureau of General Services Procurement Section.

Subsequent to the original review period and sampled purchase, two additional purchase orders were awarded to the wildlife removal vendor for services at the Park; one for \$4,995.00³, and one for \$1,498.50⁴. For the first, Park management solicited quotes from 13 vendors. The awarded vendor was the only vendor to provide a quote. Several of the vendors included in the

³ Purchase order dated May 22, 2017

⁴ Purchase order dated August 14, 2017

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solicitation appeared to either serve different geographic areas of the state, or did not provide the type of services described in the solicitation.

The other purchase order awarded to the vendor was submitted as an after-the-fact purchase after services had been provided. The Department Procurement Guide provides recommendations to assist program managers in preventing after-the-fact purchases, including providing direction to the vendor from management and monitoring vendor progress. If an after-the-fact situation does occur, the Department Procurement Guide states that an *Emergency/Single Source/Contract Exception Procurement Form DEP 55-201 should be completed explaining the details of the purchase, why there was not a method of procurement in place prior to obligating the funds and what steps will be taken to prevent reoccurrence. This form is signed by the requester up through the Bureau Chief or Program Administrator and attached to the purchase requisition along with a copy of the invoice.* The form was completed and included with the purchase order; however, it cited an emergency rather than an after-the-fact exception for the purchase and did not provide the required justification.

Conclusions

With the exception of noted weaknesses in the areas of required volunteer searches and procurement practices, the Park demonstrated compliance with Division requirements in respect to revenue collection and reporting, attendance reporting, and management of property. Our findings and recommendations are included in the remainder of this report.

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Findings and Recommendations

Finding 1: Sexual Predator/Offender Searches

Section 1.5(b)(5)a of the Operations Manual states, *All new employees (including OPS), all new regular service volunteers, court assigned community (public) service workers, as well as all new Florida Conservation Corps members, must have checks conducted through both the U.S. Department of Justice National Sexual Offender Public Website and Florida Sexual Offenders and Predators.* According to park records, four of the seven resident volunteers did not have both of the required background searches on file that were executed prior to the volunteer's first month of service at the Park. The Park Manager cited high turnover in the Volunteer Coordinator position as the cause of this oversight.

Recommendation

We recommend the Division ensure that the Park conducts both sexual predator/offender searches for volunteers, prior to the volunteer's service at the Park.

Finding 2: Procurement Requirements

Chapter 287, F.S. establishes statutory procurement requirements. For purchases exceeding \$2,500, Chapter 60A-1.002, F.A.C. and the Department Procurement Guide outline specific requirements for a minimum of two written quotes and actions necessary in the event of an exception. If less than two quotes are received, a statement must be provided as to why additional quotes were not received. If the minimum quotes cannot be obtained, a form DEP 55-201 signed through the Bureau Chief must be submitted with the purchase requisition.

Of the four purchases tested, two exceeded \$2,500. For one, the Park solicited quotes from three vendors, and received a quote from one. The purchase order was awarded to the

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vendor for which the quote was received. However, the Park did not include a statement detailing the reason additional quotes were not received.

For the other purchase exceeding \$2,500, the purchase order was awarded to a vendor based on direction from the District. Form DEP 55-201 required for single source purchases was included with the purchase order, but justification for the single source was not documented. The purchase was approved by the District and subsequently through the Procurement Section in the Bureau of General Services.

Based on our review of two subsequent purchases to the vendor by the Park, one exceeded \$2,500. The purchase order for this purchase was supported by a documented solicitation for quotes from 13 potential vendors. Several appeared to either serve primarily in other areas of the state or did not provide the type of service described in the solicitation. The vendor provided the sole response. The Park made an additional after-the-fact purchase of \$1,498.50 to the vendor after services had been provided. The form DEP 55-201 submitted with the purchase did not provide justification for the after-the-fact purchase.

According to Section 287.001, F.S., fair and open competition is a basic tenet of public procurement. Such competition reduces the appearance and opportunity for favoritism. Documentation of the acts taken and the effective monitoring of those acts are important to demonstrate compliance with procurement requirements. The Department is not meeting the statutory objective for fair and open competition when purchases do not adhere to procurement requirements and do not sufficiently document justification for the actions taken.

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Recommendation

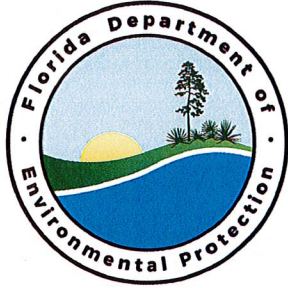
We recommend the Division ensure that District and Park procurement practices comply with Section 287, F.S., Chapter 60A-1.002, F.A.C, and the Department Procurement Guide. For purchases that exceed \$2,500, a minimum of two quotes should be obtained. If the minimum quotes cannot be obtained and due diligent procurement efforts have been demonstrated, the circumstances for the single source purchase should be documented as required.

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 Adam Crump and Cassandra Ray, and supervised by Valerie J. Peacock.

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

*Valerie J. Peacock,
Director of Auditing*

*Candie M. Fuller,
Inspector General*



Florida Department of Environmental Protection

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Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

Memorandum

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

FROM: Chuck Hatcher, Assistant Director
Division of Recreation and Parks

A handwritten signature in blue ink, appearing to read "Chuck Hatcher", is written over the "FROM:" line.

SUBJECT: Audit of John D. MacArthur Beach State Park (Report A-1617DEP-028)

DATE: December 13, 2017

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

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Recommendation

We recommend the Division ensure that the Park conducts both sexual predator/offender searches for volunteers, prior to the volunteer's service at the Park.

Division Response:

The Division has reminded all District Management to ensure that Park Managers are in compliance with conducting both sexual predator/offender searches for volunteers, prior to the volunteer's service at the Park. Park management for John D. MacArthur has indicated that all such searches are now current.

Finding 2: Procurement Findings

Chapter 287, F.S. establishes statutory procurement requirements. For purchases exceeding \$2,500, Chapter 60A-1.002, F.A.C. and the Department Procurement Guide outline specific requirements for a minimum of two written quotes and actions necessary in the event of an exception. If less than two quotes are received, a statement must be provided as to why additional quotes were not received. If the minimum quotes cannot be obtained, a form DEP 55-201 signed through the Bureau Chief must be submitted with the purchase requisition.

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Valerie Peacock, Audit Director
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not adhere to procurement requirements and do not sufficiently document justification for the actions taken.

Recommendation

We recommend the Division ensure that District and Park procurement practices comply with Section 287, F.S., Chapter 60A-1.002, F.A.C, and the Department Procurement Guide. For purchases that exceed \$2,500, a minimum of two quotes should be obtained. If the minimum quotes cannot be obtained and due diligent procurement efforts have been demonstrated, the circumstances for the single source purchase should be documented as required.

Division Response:

Park management will ensure compliance with agency purchasing guidelines. Specific to wildlife removal services, District staff will work to establish a continuing services contract with an appropriate vendor to provide district-wide services.