

Audit of Stephen Foster Folk Culture Center State Park

Division of Recreation and Parks

Report: A-1617DEP-012

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 Stephen Foster Folk Culture Center 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 at the Park during the period of July 1, 2015 through December 31, 2016. The objectives were to determine:

- the accuracy of reported revenue
- whether the Park is in compliance and controls are in place with respect to:
 - attendance reporting
 - cash collection
 - overnight accommodations
 - property and equipment management
 - purchases and expenditures
 - volunteers
 - special events

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 interviews with Park and Division of Recreation and Parks (Division) staff and review of Park documents.

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Background

Established in 1950, the Park is located along the Suwannee River in Hamilton County near the town of White Springs. The Park features multiple amenities that memorialize the contributions of Stephen Foster and folk music, including a museum and bell tower (Carillon Tower), as well as recreational amenities like multi-use hiking and nature trails, special event venues, canoe launch, picnic sites, and playgrounds. The Park also includes a 45-site full-service campground and five cabins. The Park collects revenue through day-use admission, camping fees, cabin rentals, and special event venue rentals. The Park also receives financial support from the Park's Citizen Support Organization (CSO).

The Park is host to several special events including the annual Florida Folk Festival (Festival). According to Section 258.081, F.S., the Division is to *maintain and operate the Stephen Foster State Folk Culture Center facility in such a manner that the performing arts component of the Florida Folklife Programs provided in section 267.16, F.S., shall have priority use of the facility.* Section 267.16, F.S., outlines the duties and responsibilities of the Division to establish rules and agreements necessary to promote folklife heritage programs. The Festival provides a Florida heritage-based celebration while conserving and interpreting Florida's diverse folk cultures and traditions. The Festival includes Florida folk artists, musical performances and demonstrations. The CSO sells Festival tickets and compensates the Park for each ticket sold. In addition, the net profit from the sale of Festival tickets is shared equally between the Park and CSO. Individual performers at the Festival are paid directly by the Park's CSO and subsequently reimbursed by the Park through a purchase order to the CSO. The Park reimbursed the CSO \$25,649.78 for fees paid to performers at the May 2016 Festival. Revenue generated from the

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Festival is reported separately from the Park’s revenue. The table below shows the Park’s reported revenue and attendance, as well as reported Festival revenue for FY 2013-2014, FY 2014-2015, and FY 2015-2016.

FISCAL YEAR	PARK REVENUE	PARK ATTENDANCE	FESTIVAL REVENUE
2013-2014	\$ 394,605.26	158,059	\$89,372.29
2014-2015	\$ 382,317.84	108,148	\$89,866.16
2015-2016	\$ 407,922.91	107,999	\$89,963.59

Results and Conclusions

Revenue Collection and Reporting

Revenues are recorded through two registers located in the Park’s ranger station. In addition, daily revenues are documented on the Daily Checkout Sheet by staff operating the register. We reviewed the Park’s Daily Checkout Sheets for the months of December 2015 and January 2016. All Daily Checkout Sheets during these months included signatures of separate staff who collected revenue and verified revenue collections.

For the audit sample months of December 2015 and January 2016, we compared revenue reported on Daily Deposit Worksheets with revenue support documentation comprised of register Z-1 reports, credit card settlement reports, and Reserve America (RA) Deposit Detail Reports. As shown in the table below, reported revenue in December 2015 and January 2016 agreed with support documentation, with minor discrepancies.

	DECEMBER 2015	JANUARY 2016
Daily Deposit Worksheet (Reported Revenue ¹)	\$30,466.70	\$7,008.90
Support Documentation	\$30,446.70	\$6,993.98
DIFFERENCE	\$0.00	\$14.92

¹ For the purpose of testing, Reported Revenue included transactions conducted at the Park.

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We compared the Park's bank deposits for the sample months with Daily Deposit Worksheets and revenue support documentation. As shown in the table below, the cash and checks deposited generally agreed with reported cash and check revenue on Daily Deposit Worksheets and collections according to register Z-1 reports and RA Deposit Detail Reports.

	DECEMBER 2015	JANUARY 2016
Certified Deposit Slips	\$1,881.60	\$2,666.40
Daily Deposit Worksheets (Reported Cash/Check Revenue)	\$1,881.60	\$2,666.40
Register Z-1 Reports and RAP Deposit Detail Reports	\$1,861.60	\$2,651.48

We also verified that all cash and checks were deposited within five working days of being collected during the audit sample months.

Tax-Exempt Transactions

According to Park staff, RA tax-detail reports are reviewed to maintain a tracking spreadsheet of past and upcoming tax-exempt reservations. For upcoming reservations, Park staff solicit tax-exempt documentation from the customer prior to their arrival at the Park. Otherwise, the documentation is obtained by staff in the ranger station when the customer arrives. For past tax-exempt reservations, Park staff verify that sufficient documentation was collected from the customer; otherwise, Park staff contact the customer requesting tax-exempt documentation. If Park staff are unable to obtain the tax-exempt documentation, an adjusting transaction is entered in the Park's register to add sales tax to the transaction, generating a shortage.

During the sample months of December 2015 and January 2016, we reviewed transactions that were exempt from sales tax. During this period, there was one reservation that received exemption from sales tax. We verified the Park had obtained a valid Certificate of Sales Tax Exemption for the transaction.

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Attendance

According to the Park’s Attendance Reporting Plan, attendance of day-use and overnight visitors is based on actual counts made at the Park’s sole point-of-entry. For the sample months, we compared the Park’s reported attendance with the Weekly Attendance Reports and Weekly Tabulation of Park Visitors. We also compared reported attendance to support documentation consisting of register Z-1 reports, RA Visitation and Camper Reports, and internal communication regarding special event visitation.

	DECEMBER 2015	JANUARY 2016
Reported Attendance	40,596	5,694
Weekly Attendance Reports	39,551	5,760
Weekly Tabulation of Park Visitors	37,820	5,556
Support Documentation	41,665	5,413

While monthly totals did not vary significantly, daily attendance information among these sources was not consistent. Based on review of daily entries and correspondence with Park staff, the cause of recorded differences between these sources could not be determined.

Department-Owned Personal Property

According to Park management, each fiscal year, a physical inventory is conducted of the Park’s capitalized property items. When property items are no longer needed by the Park, the district property custodian submits a surplus property certification to the Bureau of General Services for approval. Once approved, Park staff dispose the items and document the disposal on a property disposal certification that is submitted to the Bureau of General Services for review.

We selected a sample of 20 items on the Park’s Master Property File. During our site visit, we identified all 20 items. In addition, we did not identify any items without property decals that appeared to meet the Department’s capitalization guidelines. We also selected a sample of two

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surplus property items that were disposed of by the Park. Both surplus property items were supported by an approved certification of surplus property and complete surplus property disposal certification.

The Park possesses three firearms which we verified were stored in a locked gun cabinet during our site visit. The Park maintains usage logs for each firearm containing detailed entries of any usage, as well as any cleaning or maintenance activities. The Park provided training and qualification documentation for all three Park staff authorized to use firearms, as required by the Division's Operations Manual.

Vehicle, Fuel, and Purchasing Card Usage

According to interviews, Park staff record vehicle usage, service costs, and fuel card (WEX) purchases, including miscellaneous fuel card purchases, on monthly usage logs that are reviewed monthly by Park administrative staff and submitted to the Bureau of General Services. In addition, Park staff track maintenance and repairs of vehicles and equipment in the Department's FLEET system.

Using the Park's WEX fuel card purchase listing, we selected a sample of 20 transactions in FY 2015-2016. Of the 20 sampled transactions, all were recorded in the usage log for the respective vehicle or miscellaneous fuel card. In addition, 19 sampled transactions were supported by signed original purchase receipts. The remaining transaction was supported by completed Form 55-007, as required for transactions missing an original receipt.

The Park completes the Monthly Bulk Oil and Gasoline Inventory Report each month to document usage and inventory levels of miscellaneous fuel and oil. The Park maintains an issuance log documenting any purchases of miscellaneous fuel and oil and usage estimates. Park

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staff estimate the physical inventory of miscellaneous fuel and oil and reconcile any differences with the inventory levels according to the usage log. For the months of December 2015 and January 2016, reviewed Monthly Bulk Oil and Gasoline Inventory Reports generally agreed with the WEX fuel purchase listing and the Park's issuance log.

We reviewed a sample of 20 P-Card purchases made by the Park during FY 2015-2016. Of the 20 sampled purchases, all were pre-approved by the Park Manager; supported by invoices or receipts; reviewed and reconciled by staff other than the cardholder; and allowable according to P-Card training documents and prohibited purchase listing provided by the Bureau of Finance and Accounting. In addition, each reviewed purchase appeared to be related to Park operations.

Volunteers

According to Park management, volunteers provide guest tours and events, craft demonstrations in the Park's Craft Square, maintenance of Park property and equipment, and campground hosting. Volunteers who provide craft demonstrations sell crafts directly to Park visitors. These include resident volunteers contributing required volunteer service hours for camping privileges.

Prior to beginning their service at the Park, each volunteer completes a Volunteer Agreement and Park staff conduct a search of the volunteer in the national sexual predator/offender database. The Park maintains documentation of these searches, as well as the Volunteer Agreement, in a file for each volunteer. Park records documented 25 resident volunteers in December 2015 and 19 resident volunteers in January 2016. We reviewed files for a sample of 15 volunteers active at the Park during this time. For all 15, the Park maintained

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documentation of searches conducted in the national sexual predator/offender database that was dated prior to the volunteer's first month of service at the Park.

The Park provides complimentary camping to volunteers who provide at least 20 hours of volunteer service each week.

	DECEMBER 2015	JANUARY 2016	TOTAL
Resident Volunteers	25	19	44
Documented at Least 20 Service Hours Per Week	22	15	37
Timesheets Consistent with Vsys Monthly Totals	25	18	43

Of the 44 total resident volunteers during the two months, 37 (84%) had at least 20 service hours per week recorded in their timesheets. In addition, the hours recorded on timesheets agreed with monthly totals in the Division's electronic volunteer service tracking system (Vsys) for all but one resident volunteer.

Florida Folk Festival

In accordance with Division duties and responsibilities outlined in Section 267.16, F.S., *Florida Folklife Programs*, the Festival is held each year through the collective efforts of the Park and CSO. Festival vendors are required to pay the CSO a commission of 15% of their event gross sales. The Park and CSO share in Festival coordination, revenues, and expenses. Festival ticket and permit fees paid to the Department and the apportionment of ticket net income is based on a verbal understanding between the Park and CSO, and is not specified in a written agreement.

Department Share of Net Income from Ticket/Permit Sales

According to Park staff, the CSO pays the Department varying fees according to the type of Festival tickets and parking permits sold. The CSO retains \$1,500 for ongoing maintenance,

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pays ticket and credit vendor processing fees, and rental expenses. The remaining profit is split between the CSO and Department. The 2016 Festival reported revenues and expenses, as well as the amount paid to the Department was as follows.

Total Advance and Gate Ticket/Permit Sales	\$102,234.00
Ticket Fees Paid to the Department	\$85,134.00
Authorize.net (Payment Authorization)	\$382.85
FDMS Settlement Fees	\$2,244.58
CrowdTorch Ticket Sales	\$2,438.38
Funds Retained by the CSO for Ongoing Maintenance	\$1,500.00
Equipment Rental	\$875.00
Total Expenses	\$92,574.81
Net Income	\$9,696.19
Department Share of Net Income (50%)	\$4,829.59
Total 2016 Festival Revenue Shared with Park	\$89,963.59

Total ticket and permit sales reported by the CSO were \$102,234.00. According to the ticket vendor report, total Festival ticket/permit sales and service fees were \$107,268.76. The difference between these amounts was due primarily to the deduction of ticket and processing service fees from the amount of sales reported. Ticket and processing service fees were also deducted under reported expenses². As a result, the final net income to be split with the Department reflected an overstated deduction of fees.

The ticket vendor report showed a total of 5,757 tickets issued for the 2016 Festival. Of the total, 2,560 tickets were issued as complimentary with no associated revenue. Under the *2016 Florida Folk Festival Guidelines for Vendors, Demonstrators, and Exhibitors*, Festival participant or volunteer complimentary entry was not specified. However, the *2017 Florida Folk*

² There were minor fee variances between the vendor ticket report and amount reported by the CSO.

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Festival Participant Guidelines document specified complimentary entrance passes and camping benefits for participants and volunteers.

Reimbursement of Festival Performer Fees

The Department reimburses the CSO for fees paid to Festival performers through a purchase order in MyFloridaMarketPlace. According to the purchase order for the 2016 Festival, the CSO was reimbursed \$25,649.78 for performer fees. The CSO's invoice for performer fees was supported by copies of checks written by the CSO to the 76 Festival performers. The copies provided did not include documentation that the checks were cleared. We obtained CSO bank statements and verified that all checks cleared the account. To support amounts paid, we requested performer invoices. The CSO provided invoice documents for each performer that differed only by name and invoice amount. Based on discussions with Park staff, the invoices provided were generated by the CSO. Staff indicated that the CSO did not document performer fee agreements or obtain invoices. We confirmed that all 76 performers were listed on the final event schedule for the Festival.

Our findings, recommendations, and management comment are contained in the remainder of this report.

Findings and Recommendations

Finding 1: Volunteers Selling Crafts in the Park

According to the Division's Volunteer Agreement (Form DRP-059), volunteers agree to *abstain from using my position to secure special privileges, benefits, personal business, or exemption for others or myself.* In addition, Chapter 62D-2, Florida Administrative Code (F.A.C.) states *no person shall offer for sale any article or material, nor place any stand, cart, or*

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vehicle for the transportation, sale or display of any article or material for sale within any state park unless authorized by the Division.

According to Park management, volunteers who provide craft-making demonstrations in the Park's Craft Square regularly sell craft items directly to Park visitors while earning volunteer service hours. This includes resident volunteers who receive complementary camping. According to the Park's Park Services Specialist, in November and December 2016, there were six and five resident volunteers, respectively, who sold crafts in the Craft Square. According to Division management, there are no authorized short-term vendor permits or agreements with the Park's Craft Square volunteers. The selling of craft items directly to visitors provides volunteers a personal benefit through their position. At the time of this review, Park and District management were addressing this practice.

Recommendation

We recommend the Division ensure all merchandise sales authorized in the Park are in compliance with Chapter 62D-2, F.A.C. In addition, the Park should ensure that volunteers comply with the established Volunteer Agreement.

Finding 2: Festival Financial Agreement Between the Division and CSO

Based on discussions with Park management, verbal agreements between the Department and CSO regarding the apportionment of Festival revenue and reimbursement of expenses include the following:

- Performer Fee Reimbursement: The Department reimburses the CSO for payments to Festival performers.

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- Tickets and Parking Permits: The CSO collects all Festival ticket and parking permit revenue, and remits a fee (that varies depending on the ticket tier) to the Department.
- Ticketing Net Profit: The CSO pays the Park 50% of net income from ticket sales (all ticket revenue less processing/settlement fees; ticket vendor fees; ticketing equipment rental; amounts maintained by the CSO for ongoing maintenance, and fees paid to the Park for each ticket sold).

Reimbursement to the CSO for 2016 Festival performer fees was based on an invoice from the CSO and copies of checks to performers. According to Park and Division management, there are no written agreements between the Park and CSO governing these arrangements. As a result, the Park has limited financial accountability from the CSO, and the understood terms regarding Festival performers, fees, revenues, and expenditures have not been formally approved by the Division.

Recommendation

We recommend the Division establish a formal agreement with the CSO for the Festival that specifies required approvals, terms, responsibilities, and reporting for agreed upon fees and revenue distribution.

Management Comment

Documented Attendance

According to the Park's Attendance Reporting Plan, reported attendance of day-use and overnight visitors is based on actual counts made at the Park's sole point-of-entry. For the months sampled, the Park's reported attendance was not consistently supported by amounts documented in the Weekly Attendance Reports, Weekly Tabulation of Park Visitors, and other

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daily, event, and camping support documentation. While overall monthly totals did not vary significantly, daily entries between sources varied throughout the month. The specific causes of these differences could not be determined. Going forward, Park management should ensure these sources reflect an accurate and consistent record of attendance.

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 Gabriel Earnest 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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Candie M. Fuller
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Lt. Governor

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Secretary

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 Stephen Foster Folk Culture Center State Park
Division of Recreation and Parks Report: A-1617DEP-012

DATE: June 5, 2017

A handwritten signature in blue ink, appearing to be "Matt Mitchell" and "Chuck Hatcher", is written over the "FROM:" line of the memorandum.

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

Finding 1: Volunteers Selling Crafts in the Park

Recommendation

We recommend the Division ensure all merchandise sales authorized in the Park are in compliance with Chapter 62D-2, F.A.C. In addition, the Park should ensure that volunteers comply with the established Volunteer Agreement.

Division Response:

Agree, the park has made changes since the audit. There is no selling at Crafter Cabins, they are strictly used for volunteer demonstrations of crafts. Hours used for demonstration are counted as volunteer hours. A crafter may choose to sign a concession agreement with the CSO run Gift Shop to have their wares sold at the gift shop.

Finding 2: Festival Financial Agreement Between the Division and CSO

Recommendation

We recommend the Division establish a formal agreement with the CSO for the Festival that specifies required approvals, terms, responsibilities and reporting for agreed upon fees and revenue distribution.

Valerie Peacock, Audit Director
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Division Response:

Agree, the park and CSO will develop a written agreement for documentation purposes on agreed upon terms and conditions to avoid any future conflicts.

Management Comment-Documented Attendance

Park's reported attendance was not consistently supported by amounts documented in the Weekly Attendance Reports, Weekly Tabulation of Park Visitors, and other Audit of Stephen Foster Folk Culture Center State Park Division of Recreation and Parks daily, event, and camping support documentation. While overall monthly totals did not vary significantly, daily entries between sources varied throughout the month.

Division Response:

Agree, the park will review the Attendance Reporting Plan and request changes through the District to ensure the methods are properly capturing attendance. As of June 1, 2017, the park and District 2 began implementing the new store manager module within the new Point of Sale system. This automated module captures real time attendance and is capable of reporting daily attendance reports.