



Department of Environmental Protection Office of Inspector General

December 17, 2025

Report A-2425DEP-025

Audit of Agreement CA-0218 with Matney Gulf Coast Enterprises, Inc DBA Scallop Cove Too at T.H. Stone Memorial St. Joseph Peninsula State Park

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of the Concession Agreement with Matney Gulf Coast Enterprises, Inc., d/b/a Scallop Cove Too (Concessionaire). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2024-2025.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of the audit included a review of Concessionaire activities and financial records associated with Agreement CA-0218 (Agreement) from January 1, 2023, to the present. The objectives of the audit were to:

1. Determine the accuracy of reported gross sales.
2. Determine whether the Concessionaire is operating in compliance with the Agreement.
3. Evaluate Park Management oversight of the Concessionaire's activities and performance.

To achieve our audit objectives, our methodology included:

- Reviewing the Agreement requirements, requesting supporting documents, and determining the Concessionaire's compliance.
- Determining whether source documentation supports the Concessionaire's activities and financial reports.
- Conducting an analysis of the Concessionaire's accounting records to confirm accuracy of reported Total Gross Sales and commission fees paid.
- Interviewing the Concessionaire and Park Manager and conducting a site-visit to the Park.

BACKGROUND

The Department's Division of Recreation and Parks (Division) manages 175 state parks through its Florida Park Service. The Division may provide visitor services in the parks through concessionaires, pursuant to Section 258.007(3)(a), Florida Statutes (F.S.). All visitor services delivered by a concessionaire in a Florida State Park require an agreement.

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The Department entered into the Agreement with the Concessionaire on June 19, 2018, to provide visitor services at T.H. Stone Memorial St. Joseph Peninsula State Park (Park). The term of the Agreement will end at midnight June 30, 2030. The Park is located in Gulf County and includes camping, swimming, fishing, and other coastal activities. The Agreement provides the use of certain facilities, space, and equipment to the Concessionaire and authorizes specific services that must be provided, including recreational equipment rentals, food and beverage services, merchandise sales, event management services, guided eco-tours, Wi-Fi services, and laundry services. According to the Concessionaire’s website, they offer a variety of rental services to include pontoon boats, watersports, bicycles, and golf carts. They also provide a general store at the Marina Building for merchandise sales.

According to the Agreement, the Concessionaire will pay the Department a commission fee equal to 8% of the Total Gross Sales each month, but not less than \$12,000 annually. The Concessionaire paid the Department approximately \$33,558 in commission fees for calendar year 2023, and \$41,640 in 2024.

RESULTS OF AUDIT

During the audit, we reviewed the Concessionaire’s activities and documentation provided by the Concessionaire and Division to determine compliance with the Agreement. We reviewed the sales generated by the Concessionaire, including those generated by their subcontractors, to determine the accuracy of the Total Gross Sales reported to the Department. Based on our review we found the following:

Accuracy of Reported Gross Sales

The Agreement requires the Concessionaire to submit a Monthly Report of Concessionaire’s Total Gross Sales (Monthly Report). The Agreement defines Total Gross Sales as *all sales of goods, merchandise, food and beverages, equipment rentals, event management, and other permissible services...generated from the Concessionaire’s Services at or associated with the Park*. The Agreement states the calculation of Total Gross Sales does not include sales tax collections, gratuities, pass through fees including admission fees or other fees collected by the Concessionaire on behalf of the Department, or funds that were collected but have been refunded to the customer. To determine the accuracy of reported Total Gross Sales, we compared the Concessionaire’s Monthly Reports, Annual Profit and Loss Statements, and Department of Revenue’s Sales Tax forms (DR-15). The chart below outlines the total amounts reported for 2023 and 2024.

Year	Monthly Reports	DR-15 Reports	Profit and Loss Statement
2023	\$419,481.57	\$419,481.57	\$419,481.57
2024	\$520,497.96	\$534,838.59	\$534,838.68

Based on our review, the 2023 sales reported on the Monthly Reports were generally consistent with the DR-15 and Profit and Loss Statement. For 2024, sales reported on the DR-15 Reports and the Profit and Loss Statement were generally consistent but did

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not match the sales reported on the Monthly Reports. The main difference between the 2024 Monthly Reports and the Profit and Loss Statement appears to be related to the March 2024 Monthly Report which was a duplicate of the February 2024 report and did not reflect the March sales. This discrepancy was noted on the Limited Engagement Document for 2024 by the Certified Public Accountant (CPA). The commission fee understatement calculated by the CPA was paid by the Concessionaire on the June 2025 Monthly Report. There were also some minor discrepancies month-to-month due to the Concessionaire not deducting taxes from vending machine sales when reporting Total Gross Sales on the Monthly Reports.

While the financial records were generally consistent, our review noted the Concessionaire did not accurately report subcontractor revenue on the Monthly Reports. Per the Agreement, Total Gross Sales includes all *sales generated by the subcontractors or related entities whose sales are associated with the Concessionaire's authorized operations at the Park*. The Monthly Report contains a line to report Subcontractor Gross Sales; however, the Concessionaire reported \$0.00 on this line for all Monthly Reports for 2023, 2024, and 2025. Our review determined that the Concessionaire entered into a subcontractor agreement with two mobile food truck vendors. While one vendor worked for part of 2025, the Concessionaire did not receive any payments from the vendor. The other vendor agreed to pay the Concessionaire 10% of revenue made inside the Park for 2023 and a weekly fee of \$100 for 2024 and 2025. The Concessionaire reported commission earned when calculating Total Gross Sales, instead of reporting the total of all sales generated by the subcontractor. The table below provides a summary of the sales reported by the subcontractor and the food truck commission revenue reported by the Concessionaire in the Profit and Loss Statements.

Year	Subcontractor's Revenue Reported ¹	Subcontractor Revenue Reported by Concessionaire	Difference	Commission Fee (8%) Calculated based on Difference
2023 ²	\$32,595.20	\$3,259.52	\$29,335.68	\$2,346.85
2024	\$42,438.00	\$1,160.75	\$41,277.25	\$3,302.18
2025 ³	\$26,581.00	\$1,214.95	\$25,366.05	\$2,029.28
TOTAL				\$7,678.31

As noted in the table above, by not reporting the subcontractor Total Gross Sales, the Concessionaire under calculated the commission payable to the Department by approximately \$7,678.31. However, the difference in reported subcontractor sales was noted by the CPA on the Limited Engagement Document for 2023 (\$2,734.14) but not for 2024. The Concessionaire submitted the CPA's calculated 2023 commission fee underpayment in June 2024. For 2024, the CPA noted that a subcontractor *did not operate during the review period*; however, based on our review this did not appear to be accurate.

¹ Totals calculated based on the spreadsheet reporting sales provided by the subcontractor to the Concessionaire.

² The subcontract agreement was executed on April 26, 2023, with first activity reported in May 2023.

³ Totals reflect reported subcontractor total gross sales up until June 2025 and does not include second subcontractor.

Review of Source Documentation

The Agreement requires the Concessionaire to maintain source documents with daily entries to account for gross sales. We reviewed source documents for the sample months of July 2023 and June 2024 to determine if gross sales were accurately recorded and reported to the Department. Based on our review, the Concessionaire maintained source documents which generally supported the Total Gross Sales reported on the Monthly Reports.

Minimum Accounting Requirements

The Agreement requires the Concessionaire to comply with general Minimum Accounting Requirements. Every sale will be accounted for by use of computerized or electronic cash registers, pre-numbered receipts, or pre-numbered tickets unless the Concessionaire has received prior written authorization from the Department to use some other method. A summary of our review of the Concessionaire's compliance with Minimum Accounting Requirements is below.

Bank Accounts

The Agreement states the Concessionaire will establish and maintain bank accounts that are used solely for operations for this Agreement and are separate from any non-concession operations. Our review of a sample of transactions found one deposit and a few expense transactions from the Concessionaire's bank account that were confirmed to be related to non-concession activities.

Daily Ledger

The Agreement requires daily entries, to account for gross sales and sales tax collections by point-of-sale and/or collection station, be made to a ledger and be equal to amounts deposited by period. The Concessionaire will retain source documents, such as cash register tapes, to support recorded gross sales and sales tax collections. Based on our review, the Concessionaire had one point-of-sale cash register at the Marina Building. Daily entries conducted by the Concessionaire are made by automated entry to a transaction report based on employee entries to the cash register. The Concessionaire retained *End of Day* reports and credit card receipts as source documents. We tested the transaction report and source documentation from sample months against amounts deposited on bank statements. The credit card deposits into the Concessionaire's bank statements could be confirmed against daily entries and source documents. Cash sales totals were found to be relatively close to overall deposit transactions on the bank statement, but deposits could not be matched exactly to daily cash sales. Based on discussions with the Concessionaire, he conducts daily cash reconciliations but did not always retain the reconciliation documentation once complete.

Separation of Duties

The Agreement states the duties associated with handling, recording, and reconciling receipts and disbursements will be assigned to different employees when possible. Employees who handle cash or cash-like items will be adequately supervised. Daily cash register totals should be verified, at the end of the day, by a person who does not have access to cash. Prior to any changes in the internal controls, the Concessionaire will provide the Park Manager with written notification of the change. Our review determined these duties were not always assigned to different employees due to the limited number

of employees employed by the Concessionaire. The Concessionaire stated that each employee has individual logins to the cash register, and the Concessionaire reconciles transactions at the end of the day. Based on our review, the previous Park Manager indicated the Park was aware of the changes in internal controls during the Concessionaire's evaluation.

Purchases

The Agreement states that purchases will always be supported by vendor invoices and receipts for purchases will be maintained. As part of our testing of sample month source documentation, we reviewed expenses noted on both the Concessionaire's bank statements and credit card statements. There were a few expenses that did not have supporting documentation or that the Concessionaire had to request from the vendor during the audit period.

Electronic Cash Register Requirements

According to the Agreement, if the Concessionaire uses a computerized software system, the system will contain an electronic record of each daily transaction by point-of-sale and/or by collection station and provide sequential numbered printed receipts for each transaction. Additionally, each record of transaction will be date-stamped and timed and identify the cashier making the transaction. We requested daily point-of-sale documentation for the sample months of July 2023 and June 2024, and the Concessionaire provided some electronic transaction reports. The Concessionaire encountered technical issues when pulling the transaction report for July 2023 and provided alternative reports containing transaction information. The reports provided for July 2023 did not appear to contain a transaction number or other identifying number for each transaction. It was also noted that the transaction dates and times listed on the July 2023 report did not appear to match receipts provided for corresponding dates. For example, the July 2023 report has recorded transactions timestamps from 2:33 p.m. to 9:41 p.m., on July 31, 2023; however, the credit card receipts provided for the same day had transaction times that ranged from 9:32 a.m. to 4:41 p.m. The transaction report provided for June 2024 had all the required information; however, the report did not appear to provide sequential receipt numbers for each transaction. Receipts obtained during our site-visit to the Park also did not contain sequential numbers but did contain a unique bar code.

The Agreement also requires the Concessionaire to close all cash registers at the end of the day. The system will clear and close all transactions at the end of the day and identify the person closing the system daily. Our review determined the Concessionaire closes the cash register at the end of each day. Based on the documentation provided for July 2023 and June 2024, the computerized software system generates an *End of Day* report that identifies who closed out the system each day.

Refund Documentation

The Agreement requires the documentation for refunds to state the reason for the refund; identify the cashier making the refund; be date stamped and time the refund; and be maintained electronically within the point-of-sale system. The customer refunds should also be documented by the customer's signature on the original receipt. We reviewed the refund documentation provided from our sample months and found the documentation

did not provide a reason for the refund, identify the cashier or include the original receipt. The refunds included in the Concessionaire's transaction report document who processed the refund; however, we found that multiple refunds were not included in the transaction report. In addition, our review noted multiple refunds during July 2023 totaling \$1,976.25 that the Concessionaire did not report separately on the Monthly Report under *Total Customer Refunds* but instead were calculated directly into the sales location total on the Monthly Report. However, this did not cause a difference in the total of reported Total Gross Sales.

Minimum Operational Requirements and Procedures

The Agreement established the general operational requirements and specific operational minimum requirements for each type of service approved to be provided by the Concessionaire. Additional services could be provided by the Concessionaire with written pre-approval from the Department. We reviewed the Concessionaire's operations and services provided to confirm compliance with the minimum operational requirements and procedures. We noted a few areas where controls and compliance could be improved.

Recreational Equipment Rental Services

The Agreement requires the Concessionaire to provide recreational equipment rentals, including all safety equipment. The types, models, and minimum and maximum inventory levels shall be pre-approved, in writing, by the Department. The types of equipment shall include, but not be limited to:

- Beach chair setups
- Kayaks, with paddles
- Canoes, with paddles
- Stand-up paddleboards, with paddles
- Unisex bicycles, with helmets
- Pontoon boats
- Golf Carts
- Snorkel equipment.

Based on our review of the Concessionaire's website and observations made during our site-visit, we determined the Concessionaire was providing all equipment rentals apart from snorkel equipment. The Concessionaire provided a few additional items including dive flags, kiddie carts, beach carts, and grills, as part of their rental services but had not received written pre-approval for those items. The Concessionaire clarified that verbal approval was typically received for the types and models of equipment.

The Agreement requires the Concessionaire to obtain written approval from the Park Manager prior to placing vehicles, vessels, and rental equipment into use. Based on discussions with the Concessionaire, verbal approval was typically received for the implementation of equipment and new equipment would be discussed during formulation of the annual Safety Plan. The Agreement also requires the Concessionaire to provide Coast Guard certifications to the Department prior to commencing any operation of pontoon boats. If a Certificate of Inspection is not required for a vessel, the Concessionaire will present the Department with a current Florida Vessel Registration.

The Concessionaire indicated that the vessels in place do not require a Certificate of Inspection, but they had not provided the Department with the current Florida Vessel Registration paperwork for vessels in place.

Florida Fish and Wildlife Conservation Commission (FWC) Livery Requirements

The Concessionaire is required to follow Section 327.54, F.S., and Rule 68D-34, F.A.C., regarding liveries and safety regulations for its boat, kayak, and paddleboard rentals. A livery needs a state issued, no-cost Livery Operator Permit if they are renting motorboats, personal watercraft, paddlecraft, sailboats, or houseboats that are being operated on the waters of the State. Based on our review, the Concessionaire conducted livery instruction and completed the required attestations for livery rentals. The Concessionaire also maintained the livery permits as required.

Merchandise Resale

The Agreement requires the Concessionaire to provide merchandise resale items at the Marina Building, including souvenirs, gifts, sundries, bait and tackle, ice, sunscreen, bug repellent, assorted pain relievers, toiletries, picnic and camping supplies, Park-themed products and other appropriate items that will be pre-approved, in writing, by the Department. Additional locations for Merchandise Resale may be pre-approved, in writing, by the Department. Based on our site-visit, we determined the Concessionaire was selling the merchandise required by the Agreement.

Wi-Fi Service

The Agreement requires the Concessionaire to provide Wi-Fi services, free of charge, to guests at the Marina Building. During our site-visit, we asked about Wi-Fi services while inside the Marina Building. We were given the login information and were able to log into the Wi-Fi. However, we noted there were no signs advertising the Wi-Fi service or providing any login information; therefore, guests at the Marina Building may not be aware of this service.

Laundry Services

The Agreement requires the Concessionaire to provide laundry services to the guests at the campground bathhouses, specifically, the Concessionaire will have a minimum of two full service commercial washers and two dryers at each location, the Shady Pines south bathhouse and the Gulf Breeze north bathhouse. Following damage from Hurricane Michael in 2018, the Gulf Breeze campground no longer exists and the Shady Pines campground was completely rebuilt to now contain two bathhouses. During our site-visit we observed each bathhouse at the Shady Pines campground had one washer and one dryer. While the required number of washers and dryers was being provided at the Shady Pines campground, the Agreement had not been updated to reflect the changes made after the hurricane damage.

Website

The Concessionaire will maintain a website to promote the Park and activities within the Park. The website design and content will be pre-approved, in writing, by the Department. There was no documentation provided showing written pre-approval of the website's design and content; however, the current Park Manager reviewed the Concessionaire's website during the Quarterly Evaluation for the second quarter of 2025.

Safety Plan

The Agreement requires the Safety Plan to be revised once a year by the Agreement execution date and be submitted to the Department's Safety Officer and Park Manager for evaluation and approval. Our review determined the Concessionaire has submitted updated Safety Plans annually or when new services were implemented.

Agreement Compliance

Based on our review, the Concessionaire generally maintained compliance with most areas of the Agreement. However, we noted some requirements which were not met or could use improvement. Our review of these requirements is below.

Submission of Monthly Reports and Commission Payment

The Agreement states the Concessionaire will provide the Department with a Monthly Report, Monthly Profit and Loss Statement form (Exhibit E), and payment no later than the 20th day of the succeeding month. The Concessionaire submitted the Monthly Report, Exhibit E, and payment in a timely manner to the Park Manager. However, our review noted no Exhibit E was provided for August 2023 and September 2024, although a Profit and Loss Statement was provided.

Additionally, the Concessionaire will report the Total Gross Sales on the Monthly Report form. If there were multiple point-of-sale locations, the form required the Concessionaire to list the name and total sales of each location on an attached sheet. The form also required the name and Total Gross Sales of each subcontractor on an attached second sheet if there were multiple subcontractors. Our review indicated the Concessionaire had multiple points-of-sale during the audit period including the Marina Building, vending machines, and online sales for rentals and merchandise. The Concessionaire's Monthly Reports did not include a second attached page detailing Total Gross Sales by location. As previously stated, there was a subcontractor agreement in place for both 2023 and 2024; however, the Concessionaire did not note any amount in the *Subcontractor* section of their Monthly Reports.

Utilities

The Agreement states the Concessionaire will be responsible for the costs of utilities associated with its operations within the Park. For electricity, garbage, propane, and telephone/Internet, the Concessionaire will contract with and make payment directly to the provider. For water/sewer, the Concessionaire will remit a monthly fee of \$50 to the Department. For vending machines, the Concessionaire will obtain written pre-approval to provide vending machines from the Department. If the Concessionaire provides vending machines, they will pay a monthly fee to the Park of \$20 per machine not requiring a heating element or refrigeration, and \$30 per machine requiring a heating element or refrigeration, unless the machine is in an area the Concessionaire pays for electricity.

Based on the Monthly Reports, the Concessionaire paid the required costs for water/sewer utilities in 2023 and 2024. Starting in February 2024, the Concessionaire began paying \$190 each month for vending machines which included washers, dryers, and refrigerated food/drink machines. Our review noted that from February 2024 to September 2024, the Concessionaire remitted \$30/month for a vending machine that was

plugged into the Marina Building. As the Concessionaire pays the utilities for the Marina Building, the Concessionaire did not owe a monthly fee for that vending machine leading to an overpayment of \$240.

Our review noted that the Concessionaire has also been paying a monthly utility fee for 2 washers (\$20/month) and 2 dryers (\$30/month) for a total of \$100 each month. However, the Agreement states that the Concessionaire will pay a monthly fee for vending machines and does not specifically list laundry machines. Laundry service is required to be provided by the Concessionaire. The Agreement states, in part, the *Concessionaire shall provide Laundry Service to the guests at the Campground Bathhouse*. In addition, the Concessionaire is responsible for ensuring the machines are operational and repairs are made within 48 hours. Maintenance and repair of the machines is also the responsibility of the Concessionaire. For vending machines, the Agreement requires the Concessionaire to obtain written pre-approval to provide vending machines and, if the Concessionaire provides vending machines, they will pay a monthly fee. According to Section 212.0515, F.S., a vending machine is defined as *a machine, operated by coin, currency, credit card, slug, token, coupon, or similar device, which dispenses food, beverages, or other items of tangible personal property*.

Subcontracting

The Concessionaire may subcontract to perform Services, provided they give notice and deliver to the Department pertinent information including a copy of the proposed subcontractor agreement and obtains the Department's written consent. The Concessionaire will provide a copy of the subcontractor agreement once it is executed by both parties and will provide copies of revised subcontractor agreements if any changes are made. The Concessionaire entered into subcontractor agreements with two vendors to provide food truck services. The Concessionaire received written approval from the Department for two subcontractor agreements, executed in 2023 and in 2025. The Concessionaire revised the 2023 agreement in 2024 but did not provide the updated subcontractor agreement to the Department.

According to Section 509.241, F.S., a *public food service establishment shall obtain a license from the division* [Division of Hotels and Restaurants within the Department of Business and Professional Regulation (DBPR)]. A public food service establishment is defined in Section 509.013(5)(a), F.S., as *any building, vehicle, place, or structure, or any room or division in a building, vehicle, place, or structure where food is prepared, served, or sold for immediate consumption on or in the vicinity of the premises*. One of the subcontracted food truck vendors did not appear to have the required DBPR license nor were they registered to do business in the State of Florida.

Purchasing Card Industry (PCI)

The Agreement states the Concessionaire will be responsible for complying with the PCI Data Security Standards. The Concessionaire will submit an updated Self-Assessment Questionnaire (SAQ) annually to the Park Manager. Our review determined the Concessionaire provided required documentation during the audit period.

Limited Engagement Document

The Agreement requires the Concessionaire to obtain and submit a Limited Engagement Document if, during any calendar year of the Agreement term, the annual Total Gross Sales of the Concessionaire's services exceed \$400,000. The Limited Engagement Document will be submitted to the Park Manager no later than June 30th of the following calendar year. Based on our review, the Concessionaire provided the required documents during the review period. Each Limited Engagement Document noted an understatement of reported Total Gross Sales each calendar year and noted additional commission fees needed to be paid. Commission fees noted on the Limited Engagement Documents were submitted by the Concessionaire in the June Monthly Reports.

E-Verify and Sexual Predator Check

The Agreement requires the Concessionaire to conduct E-Verify Employment Verification through the United States Department of Homeland Security. Our review determined the Concessionaire had completed the E-Verify process for current employees. The Agreement also requires the Concessionaire to conduct sexual predator and sexual offender checks on the Concessionaire's Agreement Manager, employees, and subcontractors. Our review determined the Concessionaire had conducted multiple employee and subcontractor background checks including their most recent checks in 2024.

Capital Improvements

The Agreement requires the Concessionaire to provide at least a total of \$25,000 in Capital Improvements to enhance the facilities at the Park. The Capital Improvement costs were to be identified and agreed to in writing by both parties no later than December 31, 2018. However, Capital Improvements were delayed due to hurricane damage sustained to the Park in October 2018. Based on our review, the previous Park Manager and the Concessionaire discussed potential Capital Improvement projects during 2023 and 2024 while the Park was being rebuilt after hurricane damage. The Concessionaire completed their first Capital Improvement project during the first quarter of 2025. The project cost a total of \$1,407.31, and they continue to work with the Park Manager and the District office to put together a list of projects to meet the \$25,000 requirement.

Department Oversight

During the review, we evaluated management oversight of Concessionaire activities in accordance with the Agreement and the Division's Operations Manual (OM) such as E-Verify employment verification, sexual offender checks, quarterly evaluations, and taxes. We found Park Management has ensured most documentation is received timely by the Concessionaire and compliance with the Agreement is generally maintained. However, we noted some items which require improvement or additional oversight. These items are as follows:

Taxes Paid on Monthly Commissions

According to the Agreement, *The Concessionaire's revenue is subject to State Use Tax, unless the Concessionaire is exempt from paying tax on commission fees to the Department.* According to the OM, *the Concessionaire will submit the payment to the [Park Manager] and The [Park Manager] will enter the commission payment into the [Point-of-sale (POS)] system.* Based on our review, the Concessionaire is tax-exempt.

However, our review determined that the Department entered a total of \$3,337.97 in taxes in the Department's POS for commission fees collected from January 2023 through March 2025. Due to these entry errors, the Department overpaid the Department of Revenue for taxes on transactions which were tax-exempt. A similar issue was noted in a previous OIG audit⁴.

Quarterly Evaluations

The OM contains procedures for the Park Manager to conduct Quarterly Evaluations that are *used to assess the concessionaire's performance and facilities and ensure that the terms outlined in the agreement are being followed*. We reviewed Quarterly Evaluations that were completed during the audit period and noted the Park Manager documented positive results for most areas regarding the Concessionaire's performance and compliance with the Agreement. However, we were unable to obtain the evaluation for Quarter 1 of 2024, and the evaluations for Quarter 2 and 3 were signed on the same day in October 2024 by the previous Park Manager. The OM does not establish a timeframe for completion of the Quarterly Evaluation.

CONCLUSION

During the audit, we reviewed the Concessionaire's activities and documentation provided by the Concessionaire and Division to determine compliance with the Agreement. We reviewed the sales generated by the Concessionaire, including those generated by their subcontractors, to determine the accuracy of the Total Gross Sales reported to the Department. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Reported Total Gross Sales – The Concessionaire did not include sales generated by subcontractors on their Monthly Reports, thereby miscalculating commissions due to the Department.

While the Monthly Reports were generally consistent with the DR-15s and Profit and Loss Statements, our review noted the Concessionaire did not accurately report subcontractor revenue on the Monthly Reports. Per the Agreement, Total Gross Sales includes all *sales generated by the subcontractors or related entities whose sales are associated with the Concessionaire's authorized operations at the Park*. The Monthly Report contains a line to report Subcontractor Gross Sales; however, the Concessionaire reported \$0.00 on this line for all Monthly Reports for 2023, 2024, and 2025.

The Concessionaire entered into a subcontractor agreement with a mobile food truck vendor, and the vendor agreed to pay the Concessionaire 10% of revenue made inside the Park. The Concessionaire reported commission earned when calculating Total Gross Sales, instead of reporting the total of all sales generated by the subcontractor. By not reporting the subcontractor's Total Gross Sales, the Concessionaire undercalculated the

⁴ Audit of Agreement CA-0715 with Lighthouse Café Inc. Concessionaire at Bill Baggs Cape Florida State Park (A-2425DEP-012).

commission payable to the Department by approximately \$7,678.31. However, the difference in reported subcontractor sales was noted by the CPA on the Limited Engagement Document for 2023 (\$2,734.14) but not for 2024. The Concessionaire submitted the CPA's calculated 2023 commission fee underpayment in June 2024. For 2024, the CPA noted that a subcontractor *did not operate during the review period*; however, based on our review this did not appear to be accurate.

Recommendations:

We recommend the Division work with the Concessionaire to ensure reported Total Gross Sales includes all sales generated by any subcontractors. We also recommend the Division work with the Concessionaire to determine whether commission fees are owed to the Department for subcontractor sales during 2024 to the present.

Management's Response

The Division concurs with the finding and will work with the Concessionaire to ensure reported Total Gross Sales includes all sales generated by any subcontractors. We will also work with the Concessionaire to determine whether any commission fees are owed to the Department for subcontractor sales during 2024 to the present.

<p>Finding 2: Tax-Exempt Commission Payments – The Department did not always ensure the Concessionaire's commission payments were processed as tax-exempt as required.</p>

According to the Agreement, *The Concessionaire's revenue is subject to State Use Tax, unless the Concessionaire is exempt from paying tax on commission fees to the Department. According to the OM, the Concessionaire will submit the payment to the [Park Manager] and The [Park Manager] will enter the commission payment into the [Point-of-sale (POS)] system.* Based on our review, the Concessionaire is tax-exempt. However, our review determined that the Department entered a total of \$3,337.97 in taxes within the Department's POS for the commission fees collected from January 2023 through March 2025. Due to these entry errors, the Department overpaid the Department of Revenue for taxes on transactions which were tax-exempt.

Recommendations:

We recommend the Division work with the Park Manager to ensure monthly commission payments are received and processed in accordance with the Agreement and the OM. We also recommend the Division work with the Bureau of Finance and Accounting to seek reimbursement from the Department of Revenue for taxes paid on tax-exempt transactions.

Management's Response

The Division concurs with the finding and will work with the Park Manager to ensure monthly commission payments are received and processed in accordance with Agreement and OM requirements. We will also work with the Bureau of Finance Accounting to seek reimbursement from the DOR for taxes paid on tax exempt transactions.

Finding 3: Monthly Reports – The Concessionaire did not always fill out the Monthly Reports completely or accurately.

The Agreement states the Concessionaire will provide the Department with a Monthly Report, Monthly Profit and Loss Statement form (Exhibit E), and payment no later than the 20th day of the succeeding month. The Concessionaire submitted the Monthly Report, Exhibit E, and payment in a timely manner to the Park Manager; however, we noted the following:

- An Exhibit E was not provided for August 2023 and September 2024.
- The Monthly Report requires the Concessionaire to list the name and total sales of each location on an attached sheet. Our review indicated the Concessionaire had multiple points-of-sale during the audit period including the Marina Building, vending machines, and online sales for rentals and merchandise. The Concessionaire's Monthly Reports did not include a second attached page detailing Total Gross Sales by location.
- Total Gross Sales of each subcontractor should be listed on an attached second sheet if there were multiple subcontractors. As previously stated, there was a subcontractor agreement in place for both 2023 and 2024; however, the Concessionaire did not note any amount in the *Subcontractor* section of their Monthly Reports.
- Refunds were not always listed on the Monthly Report. Our review noted multiple refunds during July 2023 totaling \$1,976.25 that the Concessionaire did not report separately on the Monthly Report under *Total Customer Refunds* but instead were calculated directly into the sales location total on the Monthly Report.

Recommendations:

We recommend the Division work with the Concessionaire to ensure Monthly Reports are accurate and completed, as required.

Management's Response

The Division concurs with the finding and will work with the Concessionaire to ensure they submit accurate and completed reports required by the Agreement in accordance with Agreement requirements.

Finding 4: Subcontracting – One of the Concessionaire's subcontracted food truck vendors was not licensed to sell food or do business in the State of Florida.

The Concessionaire entered into subcontractor agreements with two vendors to provide food truck services. Both subcontractor agreements were approved by the Park Manager. Our review determined that one of the food truck vendors did not appear to have the proper licenses to do business. According to Section 509.241, F.S., a *public food service establishment shall obtain a license from the division* [Division of Hotels and Restaurants within the Department of Business and Professional Regulations (DBPR)]. A public food service establishment is defined in Section 509.013(5)(a), F.S., as *any building, vehicle, place, or structure, or any room or division in a building, vehicle, place, or structure where food is prepared, served, or sold for immediate consumption on or in the vicinity of the*

premises. One of the subcontracted food truck vendors did not appear to have the required DBPR license nor were they registered to do business in the State of Florida. At the time of our review, the Concessionaire was no longer doing business with that subcontractor.

Recommendations:

We recommend the Division work with the Park Manager and Concessionaire to ensure subcontractors have the proper registration or relevant licenses prior to providing services in the Park.

Management's Response

The Division concurs with the finding and will work with the Park Manager and the Concessionaire to ensure all subcontractors providing services in the park possess the required State of Florida business registration and all relevant licenses prior to performing work.

Finding 5: Written Approval – The Concessionaire did not always obtain written approval, or retain documentation of written approval, as required by the Agreement.

The Agreement establishes that the Concessionaire should obtain written pre-approval for certain activities conducted in the Park; however, the Concessionaire stated that verbal approval was typically received. The following are some areas where written approvals were not obtained or were not documented.

Recreational Equipment Rental Service:

- The Concessionaire is required to provide recreational equipment rentals, including all safety equipment. The types, models, and minimum and maximum inventory levels shall be pre-approved, in writing, by the Department. Our review determined that the Concessionaire was providing most of the required equipment rentals as well as a few additional items including dive flags, kiddie carts, beach carts, and grills but had not received written pre-approval for those items.
- The Agreement requires the Concessionaire to obtain written approval from the Park Manager prior to placing vehicles, vessels, and rental equipment into use. Based on discussions with the Concessionaire, verbal approval was typically received for the implementation of equipment and new equipment would be discussed during formulation of the annual Safety Plan. The current and previous Park Managers could not find some of the written pre-approvals.

Website:

- The Concessionaire will maintain a website to promote the Park and activities within the Park. The website design and content will be pre-approved, in writing, by the Department. There was no documentation provided showing written pre-approval of the website's design and content; however, the current Park Manager reviewed the Concessionaire's website during the Quarterly Evaluation for the second quarter of 2025.

Recommendations:

We recommend the Division work with the Park Manager and Concessionaire to ensure that written pre-approval is obtained and retained when required by the Agreement.

Management's Response

The Division concurs with the finding and will work with the Park Manager and the Concessionaire to ensure written pre-approvals are obtained and retained when required by the Agreement.

Finding 6: Refunds – The Concessionaire did not always comply with the minimum accounting requirements regarding refunds.

The Agreement requires the documentation for refunds to state the reason for the refund; identify the cashier making the refund; be date stamped and time the refund; and be maintained electronically within the point-of-sale system. The customer refunds should also be documented by the customer's signature on the original receipt. We reviewed the refund documentation provided from our sample months and found the documentation did not provide a reason for the refund, identify the cashier or include the original receipt. The refunds included in the Concessionaire's transaction report document who processed the refund; however, we found that multiple refunds were not included in the transaction report.

Recommendations:

We recommend the Division work with the Park Manager and the Concessionaire to ensure refunds are documented and supporting documentation is retained as required by the Agreement.

Management's Response

The Division concurs with the finding and will work with the Park Manager and the Concessionaire to ensure refunds are documented and that supporting documentation is retained as required by the Agreement.

COMMENT FOR MANAGEMENT

According to the Agreement, if the Concessionaire provides vending machines, they will pay a monthly fee to the Park of \$20 per machine not requiring a heating element or refrigeration, and \$30 per machine requiring a heating element or refrigeration, unless the machine is in an area the Concessionaire pays for electricity. Our review determined that monthly vending machine fees paid by the Concessionaire included refrigerated food and drink machines but also clothes washers and dryers. Specifically, the Concessionaire has been paying a monthly utility fee for 2 washers (\$20/month) and 2 dryers (\$30/month) for a total of \$100 each month since February 2024. However, the Agreement states that the Concessionaire will pay a monthly fee for vending machines and does not specifically list laundry machines. Laundry service is required to be provided by the Concessionaire. The Agreement states, in part, the *Concessionaire shall provide Laundry Service to the guests at the Campground Bathhouse*. In addition, the Concessionaire is responsible for ensuring the machines are operational and repairs are made within 48 hours. Maintenance and repair of the machines is also the responsibility of the Concessionaire. The Agreement requires the Concessionaire to obtain written pre-approval to provide vending machines and, if the Concessionaire provides vending machines, they will pay a monthly fee. However, the Agreement does not define vending machines. According to Section 212.0515, F.S., a vending machine is defined as *a machine, operated by coin, currency, credit card, slug, token, coupon, or similar device, which dispenses food, beverages, or other items of tangible personal property*. We recommend the Division review concessionaire agreements and provide clarity on whether a monthly utility fee is required specifically for clothes washers/dryers that are required to be provided by a concessionaire.

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 audit was conducted pursuant to Section 20.055, F.S., and in accordance with *Government Auditing Standards*, as published by the United States Government Accountability Office, and *Principles and Standards for Offices of Inspectors General*, as published by the Association of Inspectors General. The audit was conducted by Robert Oakley and supervised by Susan Cureton.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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