

Audit of Friends of Washington Oaks Gardens State Park, Inc.

Division of Recreation and Parks

Report: A-1415DEP-042

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

October 27, 2015

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Tallahassee, Florida 32399-3000
www.dep.state.fl.us





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Division of Recreation and Parks



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The Office of Inspector General (OIG) conducted an audit of Friends of Washington Oaks Gardens State Park, Inc., Citizen Support Organization (CSO). This audit was initiated as a result of the Fiscal Year (FY) 2014-2015 Annual Audit Plan.

Scope & Objectives

The scope of this audit included select activities of the CSO for the period of July 1, 2013 through June 30, 2014. The objectives were to:

- evaluate CSO compliance with the CSO Agreement, Bylaws, section 258.015 Florida Statute (F.S.), CSO Handbook and the Division of Recreation and Parks Operations Manual
- determine the accuracy of the reported revenue and expenditures
- evaluate management oversight, volunteer reporting, and Park resources used in CSO activities

Methodology

This 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. Our procedures included tests of records provided by the CSO, Division, and Park including daily Z-1 sales, event revenue balance sheets, credit card settlement reports, monthly bank account statements, validated checks and deposit slips, as well as expenditure documentation. We reviewed the CSO Agreement, By-Laws, Articles of Incorporation, and CSO Handbook. We also conducted interviews of Division and CSO Board members.

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Background

The CSO generates revenue from various activities in the Park, including the daily operation of a gift shop and operation of a greenhouse two Saturdays a month. Special events include Art in the Park, Music in the Park, Saltwater Fishing workshops, Holiday in the Gardens, and Earth Day events. They also sell personalized bricks for garden walkways, fishing supplies, woodcarvings, and accept donations.

The CSO supports the Park through educational programs and woodcarving projects. The CSO also pays for the art teacher's services at the Art in the Park event. The CSO has purchased a storage shed and assisted with work on the Park's Americans with Disabilities Act (ADA) improvements.

According to the Profit and Loss statement, during July 1, 2013, through June 30, 2014, total CSO income was \$93,984 and expenses were \$104,799. During the audit period, the CSO was able to contribute \$34,095 directly for improvements to the Park. These improvements included a birdbath, Ranger Station roof, signage, construction of a new permanent stage, and improvements to the CSO kitchen, greenhouse, rose garden, and visitor center.

Results & Conclusions

Accuracy of Revenues and Expenditures

Based on interviews and examination of financial records, CSO reported revenue was based on source documents and books of original entry, with minor discrepancies. These

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discrepancies included one check listed on the daily report, but not included in the daily bank deposit on April 26, 2014, totaling \$20.55. There was also a credit card receipt on May 17, 2014, that was not maintained in the CSO financial records in the amount of \$32.05. Additionally, there were receipts for credit card charges on May 18, 2014, for \$27.82 and \$38.72 not reflected on the daily report.

Internal Controls

Based on interviews with CSO Board members, expenditures are authorized by the Board and documented through a budget approval process. For purchases, a check request form is completed and the invoice or receipt is attached to the check request form. According to CSO Board members, the Treasurer records revenue and expenditure transactions in Quick Books and receives the bank statements. The Vice President reconciles the bank statements. The CSO President and Treasurer have check signature authority and have access to the CSO credit card. An additional four CSO members also have credit cards issued to them to use on behalf of the CSO. According to Board members, two of the authorized CSO members are required to sign checks over \$250.00 and no CSO member signs a check issued to themselves. However, during our review of the expenditure documentation provided, there was only one instance when there were two signatures on a check. The CSO does not use cash or gift cards to make purchases. Based on our review of documents, CSO expenditures were documented and adequately supported during the sampled months.

The CSO maintains written financial policies and procedures, which include cash handling. Based on interviews with CSO Board members, CSO policy calls for two CSO

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members to count down the cash drawer used in the gift shop at shift change and end of the day.

Shift reports are compared with end-of-day reports. The CSO's funds are kept separate from the Park's and funds are stored in a locked safe. Only the CSO officers have the combination to the safe and the safe combination is changed in accordance with written standards. Daily and CSO Park event revenue is deposited daily. At CSO events, each point of sale station that receives money uses separate deposit slips to document sales. The event manager collects and recounts the revenue from each point of sale station area, verifies the deposit slips, and signs the balance sheet. The event manager makes the bank deposits. A copy of the deposit slip is maintained by the CSO Treasurer.

Sales Tax is collected on items sold at the point of sale. There are no taxes charged on services, donations, memberships, or bake sales. The CSO has a State of Florida Sales Tax number and a tax-exempt number. The CSO sends in taxes monthly to Department of Revenue. Per interviews, the CSO's Finance Community reviews and approves the financial statements and 990-tax form. An outside tax consultant assists the Treasurer by reviewing financial statements and preparing CSO tax filings. The CSO's Code of Ethics is published on the CSO website.

CSO Membership and Projects

According to the CSO Board members, individuals complete an application and pay the membership fee to join the CSO. Memberships are renewed annually on the anniversary month. Members volunteer in the Park where assistance is most needed. The CSO Board meets every two months to discuss upcoming priorities, finances, and to vote on necessary issues. The

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Secretary keeps the minutes for all meetings and emails them to the Board members. Park staff members are involved with CSO activities by assisting with events and the interpretive educational programming. Based on interviews and our review, Park staff members do not make purchases, collect revenue, or make bank deposits on behalf of the CSO.

The CSO Board meets with the Park Manager to determine Park needs and makes a list of Park priorities for the upcoming year. When developing the budget, they also consider the previous year's plan. Once completed, the plan is presented and approved by the Board.

During FY 2011-2012 the CSO received a grant for \$5,000 for stage construction and is currently in the application process for a tour development grant. During the CSO's FY 2013-2014 there were no active grants.

Our findings and recommendations are included in the remainder of this report.

Findings & Recommendations

Finding 1: Check Signature Requirements

According to the CSO's Financial Policies and Procedures IV, Expenditures 2, *all checks will be signed by one of the Board of Directors whose names have been set up as authorized signatories at the bank. The check request form shall be reviewed and signed off by a second signatory for a check and balance purpose.* The CSO Bylaws Article VI-Directors and Officers section 10 states; *all disbursement checks shall require signatures of two of the following: Treasurer, President, Secretary, and Vice President.* Based on review of the CSO's expenditure

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documentation for the checks reviewed, with one exception, checks were signed by only one authorized member.

The CSO's Financial Policies and Procedures require one signature: whereas, the Bylaws require two signatures. The documents are not consistent. In addition, the lack of two signatures exposes CSO funds to a higher risk of misuse.

Recommendation

We recommend the Division direct the CSO to update their Financial Policies and Procedures, in accordance with the CSO Bylaws, so that both documents are in agreement. Further, we recommend the Division direct the CSO to comply with the Bylaws and establish a consistent process, which requires two signatures on disbursement checks.

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 Cindy Newsome 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,
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Memorandum

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

FROM: Donald V. Forgione, Director
Division of Recreation and Parks

SUBJECT: Audit of Friends of Washington Oaks Gardens State Park, Inc., Division of Recreation and Parks Report: A-1415DEP-042

DATE: October 21, 2015

JVF

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

Finding 1: Check Signature Requirements

According to the CSO's Financial Policies and Procedures IV, Expenditures 2, all checks will be signed by one of the Board of Directors whose names have been set up as authorized signatories at the bank. The check request form shall be reviewed and signed off by a second signatory for a check and balance purpose. The CSO Bylaws Article VI-Directors and Officers section 10 states; all disbursement checks shall require signatures of two of the following: Treasurer, President, Secretary, and Vice President. Based on review of the CSO's expenditure documentation for the checks reviewed, with one exception, checks were signed by only one authorized member.

The CSO's Financial Policies and Procedures require one signature: whereas, the Bylaws require two signatures. The documents are not consistent. In addition, the lack of two signatures exposes CSO funds to a higher risk of misuse.

Recommendation

We recommend the Division direct the CSO to update their Financial Policies and Procedures, in accordance with the CSO Bylaws, so that both documents are in agreement. Further, we recommend the Division direct the CSO to comply with the Bylaws and establish a consistent process, which requires two signatures on disbursement checks.

Division Response

The Division agrees the recommendation. The CSO Board met and decided to correct the Financial Policies to make them consistent with the By-Laws, which will require two authorized signatories for disbursement checks. In addition, the CSO decided to require two signatures

Valerie Peacock, Audit Director
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only for those checks written for \$250.00 and above. All checks written at \$249.99 and below will have one signature.

Both the Financial Policies and By-Laws will be amended to reflect this change. Amendments to the By-Laws will be presented at the May 2016 Annual Meeting. The Financial Policies will be amended and voted on at the next Board of Directors meeting scheduled for November 10, 2015.