

Review of Short Term Special Event Permits for Ferry Services at St. Andrews State Park

Division of Recreation and Parks

Report: A-1718DEP-028

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3000

<https://floridadep.gov/>





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at St. Andrews State Park
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Report: A-1718DEP-028

Table of Contents

Scope and Objectives	1
Methodology	1
Background	1
Results	2
Conclusions.....	4
Findings and Recommendations.....	5
Divisions Response	8

Report: A-1718DEP-028

The Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted a review of Short Term Special Event Permits (Permits) for ferry services at St. Andrews State Park (Park). This review was initiated as a result of the Fiscal Year (FY) 2017-2018 Annual Audit Plan.

Scope and Objectives

The scope of this review included Permit activities between July 1, 2017, and December 31, 2017. The objectives were to:

- determine the accuracy of Department payments as required under the Permits
- evaluate management oversight of Permit activities

Methodology

This review was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in conformance with the current *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Our procedures included a site visit, interviews with ferry service providers (Permittees), and Park management, as well as a review of Permittee and Park records.

Background

As part of the Park, access to Shell Island is available by private or commercial water craft. To facilitate public access, the Department executed the following Permits for ferry service to Shell Island in March and April 2017.

Review of Special Usage Agreements for Services at St. Andrews State Park
Division of Recreation and Parks

Report: A-1718DEP-028

- Permit 0217: Capt. Bill Gorman Charter Boats, Inc.
- Permit 0218: Anderson Cox Marine Enterprises, Inc.
- Permit 0219: Bay Point Master Tenant, LLC.
- Permit 0317: Capt. A. III, Inc.

These permits expired December 31, 2017, and were renewed to extend through December 31, 2018. The Permits require Permittees to record and submit the number of visitors for each trip on an attendance form monthly. The Permits require monthly payments of fees based on the number of passengers. For services between July 1, 2017, and December 31, 2017, the Permittees paid the following fees to the Department.

Department Payments for Services between July 1, 2017 and December 31, 2017	
Permit	Total Payments
0217	\$12,123.10
0218	\$10,321.22
0219	\$5,393.92
0317	\$21,768.08

Results

Payments and Permit Activity

During the review period, three of the four Permits required a fee payment of \$2.00 per passenger, plus State and County taxes, which was due no later than the 20th day of the following month. Permit 0219 required the same fee payment, but specified the fee was required only for passengers six years of age and older. When the Permits were renewed in 2018, language was clarified in all the Permits to include the required fee for passengers six years of age and older, as consistent with the Division's Operations Manual for pedestrian entry fees. With one month's

Review of Special Usage Agreements for Services at St. Andrews State Park
Division of Recreation and Parks

Report: A-1718DEP-028

exception for Permit 0217, all four Permittees submitted payment to the Department within the required time frame.

For the sampled months of July through September 2017, we obtained documentation from Permittees supporting reported passengers and Department fee payments. Based on the information provided, the number of passengers documented per the Permittees' records varied from the number reported per the table below.

Comparison of Permittee Reported Passengers and Fee Payments to Passenger Counts and Amounts Supported from Permittee Records During the Months of July through September 2017						
	1	2	3	4		
Permit	Passengers Reported	Total Fees Paid	Number of Passengers Supported per Permittee Records	Fees Per Passenger Records	Passenger Difference (1-3)	Difference Impact on Fees (2-4)
0217	5,031	\$10,776.34	4,990	\$10,678.60	41	\$97.74
0219	1,908	\$4,075.45	1,689	\$3,614.46	219	\$460.99
0317	8,224	\$17,599.36	8,206	\$17,560.84	18	\$38.52
0218	4,259	\$9,114.26	4,260	\$9,116.40	-1	-\$2.14

As part of a verbal understanding with the Park, the three Permittees under the 2017 Permits which required payment of the \$2.00 fee for all passengers did not pay the fee for passengers under the age of six. However, the one Permittee under Permit 0219, which did not require the \$2.00 fee for passengers under the age of six, paid the fee for all passengers resulting in overpayments each month. With minor exceptions, the number of reported passengers were greater than the number documented per Permittee records.

Permit Requirements and Management Oversight

Based on our review, the Division had obtained verification of required insurance coverage for the scope of our review for three of the four Permittees. The Division obtained documentation of insurance coverage for the current year. According to Park Management, insurance coverage records are not retained once updated documentation of coverage is received.

According to Park and Division management, the Permittees operate in a professional manner and provide ferry service to Shell Island at locations mutually agreed by Park management.

The Permits contain Minimum Accounting Requirements and other provisions consistent with concession agreements. However, many of these requirements are not applicable to the Permittee's type of business, and may not be feasible for the method of sales, collections, and expected level of performance.

According to Paragraph 7 of the Permits, prior to commencement of services, Permittees were required to provide a draft Safety Plan to the Park for evaluation by the Park Manager and Department Safety Officer. The Permits also required Permittees to implement and provide a copy of the approved Safety Plan to the Park Manager prior to commencement of the permitted services. According to the Park Manager, the required Safety Plan had not been obtained.

According to Paragraph 16 of the Permits, the Department was required to conduct sexual predator and sexual offender checks on the Permittee Manager and officers prior to issuing the Permits. Permittees were also required to perform checks on their employees, and maintain copies of their records in employee personnel files. The Bureau of Operational Services and Park management were unable to provide documentation that these checks were conducted.

Conclusions

Based on our review, the passengers reported and fees paid to the Department were supported by the Permittees' business records. However, one Permittee submitted fees not required for passengers under the age of six each month resulting in a monthly reoccurring overpayment. While consistent with the Division's policy for pedestrian entry fees, the

exclusion of fees for passengers under the age of six was not specified in the remaining three 2017 Permits.

The Department had not obtained or approved required safety plans, and had not conducted sexual predator and sexual offender checks as required. In addition, the 2017 Permits and the Permits as renewed for 2018 contained Minimum Accounting Requirements and other conditions inconsistent with the type of services provided under the Permits. Our findings and recommendations are included in the remainder of this report.

Findings and Recommendations

Finding 1: Management Oversight of Permit Activities

Park and Division management are responsible for oversight of required conditions of the Permits. Prior to commencement of services, Permittees were required to submit and obtain Department approval for Safety Plans. This had not been obtained by the Park.

Prior to commencement of services, the Department was required to conduct sexual predator and sexual offender checks on the Permittee Manager and officers prior to issuing the Permits. Permittees were also required to perform checks on their employees, and maintain copies of their records in employee personnel files. Division and Park management were unable to provide documentation that these checks were conducted.

Permit 0219 required the payment of fees only for passengers ages six years and older. Per monthly reports submitted to the Park, the Permittee paid the fee for all passengers, which resulted in a reoccurring overpayment. Park management had not identified and clarified this error in calculation to the Permittee.

Recommendation:

We recommend the Division take immediate steps to address and complete requirements that were necessary prior to commencement of services under the Permits. Going forward, completion of all conditions required prior to commencement should be documented with the associated records and maintained in the Division's files prior to executing future agreements.

We also recommend the Division and Park clarify the fee requirements for Permit 0219 with the Permittee. The Division should review monthly payments received since the Permit was originally executed to determine the amount of refund necessary due to overpayment.

Finding 2: Permit Requirements

Several aspects of the Permit requirements are not applicable for the Permittees' type of services, method of sales and collections, or expected level of performance. The Permits lack expected levels of service, financial consequences, and record keeping necessary to support the number of reported passengers for calculated fee payments. In addition, we noted other requirements necessary for all Department contracts that were not being included in these agreements.

It is noted that the Division and Bureau of Operational Services have been working over the past year to update and improve current agreement templates. However, the reliance on templates without conditions specific to the functional aspects of the provider's operation will continue to result in ineffective agreement instruments. While we verified that Permit required Sexual Predator and Sexual Offender checks had not been conducted by the

Review of Special Usage Agreements for Services at St. Andrews State Park
Division of Recreation and Parks

Report: A-1718DEP-028

Department as required under the Permits, the inclusion of such requirements should be based on a service provider's level of exposure to visitors while operating in the Park.

Recommendation:

Going forward, we recommend the Division ensure that revised agreements developed for ferry services be structured and contain conditions, performance expectations, and requirements that are clearly defined and are applicable to the type of service provided.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our review 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 review was conducted by Christine Cullen 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 <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. 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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FLORIDA DEPARTMENT OF Environmental Protection

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Memorandum

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

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

SUBJECT: Review of Short Term Special Event Permits for Ferry Services at St. Andrews State Park Division of Recreation and Parks

DATE: September 11, 2018

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

Finding 1: Management Oversight of Permit Activities

Park and Division management are responsible for oversight of required conditions of the Permits. Prior to commencement of services, Permittees were required to submit and obtain Department approval for Safety Plans. This had not been obtained by the Park.

Prior to commencement of services, the Department was required to conduct sexual predator and sexual offender check on the Permittee Manager and officers prior to issuing the Permits. Permittees were also required to perform checks on their employees, and maintain copies of their records in employee personnel files. Division and Park management were unable to provide documentation that these checks were conducted.

Permit 0219 required the payment of fees only for passengers ages six years and older. Per monthly reports submitted to the Park, the Permittee paid the fee for all passengers, which resulted in a reoccurring overpayment. Park management had not identified and clarified this error in calculation to the Permittee.

Recommendation

We recommend the Division take immediate steps to address and complete requirements that were necessary prior to commencement of services under the Permits.

Going forward, completion of all conditions required prior to commencement should be documented with the associated records and maintained in the Division's files prior to executing future agreements.

We also recommend the Division and Park clarify the fee requirements for Permit 0219 with the Permittee. The Division should review monthly payments received since the Permit was originally executed to determine the amount of refund necessary due to overpayment.

Division Response:

The Park Manager has uploaded all sexual predator documents in reference to the four permits to SharePoint and provided a copy to the District Office. All four Permittees have submitted Safety Plans and they have been uploaded to SharePoint. The Department Safety Officer approved all four Safety Plans on August 7, 2018.

Bay Point Master Tenant, LLC, (Permit 0219 and Permit 3017) was the only Permittee remitting fees for passengers ages five and under. The Park Manager notified the Permittee to discontinue remitting fees for ages five years and under. In addition, the Park Manager has reviewed the Permit payments received under the Bay Point permits to determine the amount of overpayment so a refund can be issued to the Permittee. The Park Manager is working with Finance & Accounting on the process for requesting the refund.

Finding 2: Permit Requirements

Several aspects of the Permit requirements are not applicable for the Permittees' type of services, method of sales and collections, or expected level of performance. The Permits lack expected levels of service, financial consequences, and record keeping necessary to support the number of reported passengers for calculated fee payments. In addition, we noted other requirements necessary for all Department contract that were not being included in these agreements.

It is noted that the Division and Bureau of Operational Services have been working over the past year to update and improve current agreement templates. However, the

reliance on templates without conditions specific to the functional aspects of the provider's operation will continue to result in ineffective agreement instruments. While we verified that Permit required Sexual Predator and Sexual Offender checks had not been conducted by the Department as required under the Permits, the inclusion of such requirements should be based on a service provider's level of exposure to visitors while operating in the Park.

Recommendation

Going forward, we recommend the Division ensure that revised agreements developed for ferry services be structured and contain conditions, performance expectations, and requirements that are clearly defined and are applicable to the type of service provided.

Division Response:

The Short-Term Special Event Permit for use as a "concession agreement" is being replaced with the Commercial Use Agreement (CUA). The CUA is in a testing phase and in limited use at select parks. The CUA Template and accompanying User Guide should receive final approval from the Office of General Counsel in the near future. Statewide roll out of the CUA, through web-based and on-site training, is expected to occur in 2nd and 3rd quarter FY 18/19. The CUA is structured to address the requirements specific to the ferry service being offered, including service requirements, reporting, controls, and financial support documentation.