


Hernando County Clerk of Circuit Court
Audit Services Department
Follow-Up Audit Report
of
Parks and Recreation Department Contract Compliance and Financial Control Environment
April 12, 2023

MANAGEMENT LETTER

TO: Jeffrey Rogers, County Administrator

VIA: The Honorable Douglas A. Chorvat, Jr.

FROM: Elizabeth Hogan, CIA, CFE, Director of Audit Services 

DATE: April 12, 2023

SUBJECT: Follow-Up Audit of Parks and Recreation Department Contract Compliance and Financial Control Environment

In accordance with the Audit Services Department's Audit Project Schedule, the internal audit team conducted a follow-up audit of the Parks and Recreation Department Contract Compliance and Financial Control Environment Audit. Based on testing and communications with key personnel, the audit team produced the attached report for your review. A copy of this report has been forwarded to the Board of County Commission as an agenda "correspondence to note" item.

The purpose of this report is to furnish management with independent, objective analyses, recommendations, counsel, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. It is not an appraisal or rating of management.

Although the internal audit team exercised due professional care in the performance of this follow-up audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The courtesies and cooperation extended by the employees of the Hernando County Parks and Recreation and Office of Management and Budget departments, and the Hernando County Clerk of Circuit Court's Information Technology Department during the audit were sincerely appreciated.

If you have any questions, concerns, or need additional information in regard to the above or the attached report, please do not hesitate to contact Audit Services at (352) 540-6235, or just stop by our offices in Room 300C.

ATTACHMENT: Parks and Recreation Department Contract Compliance and Financial Control Environment Follow-Up Audit Report

Copy: Chris Linsbeck, Community Services Director

Copy: Board of County Commissioners

Chairman John Allocco
Commissioner Jerry Campbell
Commissioner Steve Champion
Commissioner Brian Hawkins
Commissioner Elizabeth Narverud

Copy: Audit Services Planning & Priorities Committee

The Honorable Douglas A. Chorvat, Jr., Clerk of the Circuit Court and Comptroller
Joshua Stringfellow, CPA, Director of Financial Services
Jon Jouben, County Attorney
Jeffrey Rogers, County Administrator
Tobey Phillips, Deputy County Administrator
Toni Brady, Director, Office of Management & Budget/Chief Procurement Officer
Jeff Wolf, CPA, Senior Audit Manager, MSL P.A.
William Blend, CPA, CFE Shareholder, MSL P.A.

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Executive Summary

The Audit Services Department (ASD) conducted a follow-up audit of the Parks and Recreation Department Contract Compliance and Financial Control Environment Audit dated August 12, 2020. The purpose of this follow-up audit was to determine the status of the previous recommendations for improvement and management's corrective actions.

The purpose of the original Parks and Recreation Department Contract Compliance and Financial Control Environment Audit was to provide management with some level of assurance that the department's internal controls for the collection and recording of fees and the administration of contractual agreements were adequate.

To assess the status of previous recommendations, the ASD interviewed management and staff members and performed limited testing.

Of the eighteen recommendations in the original audit report, ASD determined that sixteen recommendations were implemented; one recommendation was partially implemented; and one recommendation was no longer applicable.

The sixteen recommendations that were implemented pertained to the following Opportunities of Improvement:

- Collect fees for annual parking passes and building & pavilion rentals in accordance with the approved Fee Schedule
- Collect and remit sales tax in accordance with Florida Statutes
- Verification of parking fee payment
- Enhance the tracking process of revenue generated by community events
- Adhere to "Fees are non-refundable" policy
- Verify payment is received for all camp attendees
- Review accounting transactions for accuracy and completeness
- Collect the approved fee for all billboards placed at the County parks
- Comply with County contract authorization policy
- Verify contractor insurance meets the contractual requirements throughout the entire term of the contract
- Verify contract terms are consistently stated throughout the contract document
- Verify camp registration forms are properly completed and submitted
- Obtain and maintain current Billboard Agreements
- Update operating procedures
- Ensure staff members access rights are aligned with their job responsibilities
- Provide staff with training on proper network security protocols

The one recommendation that was partially implemented pertained to the following Opportunity for Improvement:

- Collect payments and late fees in accordance with the contract terms

The department updated Standard Operating Procedures and training was provided to staff on the management and enforcement of contracts and the collection of fees. However, the review determined that payments were not received according to contract terms and late fees were not charged.

Updated Management Response:

Staff identified that one of the concession contracts made their monthly payment outside of the 10 day monthly contractual period. As a result, the vendor was notified, late fees have been collected, and future re-occurring incidents of potential late payments will result in immediate late fee accrual as well as potential loss of County Concessionaire contract should this matter not be fully corrected. Training with staff will be an ongoing implementation process.

The one recommendation that was no longer applicable was for the following Opportunity for Improvement:

- Implement dual control procedures for safe access and cash deposits

Department staff was provided cash handling training by the Hernando County Clerk of Circuit Court's Financial Services Department. The department has updated their policies. Cash is no longer accepted for payment at Pine Island and for purchases related to building and pavilion rentals, parking passes, camps and classes, billboard advertising, concessions, leagues, and field reservations.

ASD commends management for the full implementation of recommended improvements, and we encourage management to fully implement all recommendations.

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
1.1	<ul style="list-style-type: none"> • Develop a policy regarding fees charged to non-profit organizations and present this policy to the Board of County Commissioners for approval. • Restrict access to the rate table to authorized personnel only so that staff members cannot change the amount charged at the point of sale. • Monthly, reconcile the payments received that are recorded in MaxGalaxy (e.g. GL Distribution Report) to the number of parking passes sold or to the building/pavilion Facility Schedule Report. The department's records should then be compared to the County's financial system. Ideally, for proper segregation of duties, these reconciliations should be performed by a staff member that does not post the entries to the accounts. All reconciliations should be reviewed by management. 	<ol style="list-style-type: none"> 1. Staff will prepare a draft policy for BOCC consideration to approve the rental rate for non-profit organizations. Implementation Date: September 2020 2. Training will be conducted with staff members who manage contracts and/or rentals to ensure understanding of the fee schedule and the requirement of adhering to the approved rates. Implementation Date: October 2020 (or once final policy is approved by BOCC) 3. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021 	✓		
1.2	<p>Management should remain current on the applicable Florida Statutes pertaining to sales tax and ensure that the rate table is updated, accordingly. As part of the monthly reconciliation process, the sales tax amount should be verified for accuracy.</p> <p>In addition, management should coordinate with the Clerk of Court and Comptroller's Department of Financial Services to remediate sales tax payment discrepancies.</p>	<ol style="list-style-type: none"> 1. Staff will coordinate with Financial Services to obtain information on current sales tax procedures and request any necessary training to reinforce this process. Staff will update SOP manual to reflect updated procedures, which will include the recommendation to consult with Financial Services for proper resolution should discrepancies arise. Implementation Date: January 2021 2. In coordination with Financial Services, decisions were made referencing two vendors who were charged incorrect sales tax. Implementation Date: Completed 	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
1.3	<ul style="list-style-type: none"> • Provide customers with a receipt to display on their dashboard and periodically verify that all parked vehicles have the displayed receipt. • Determine the feasibility of accepting credit card payments at the gate via widely accepted software. 	<ol style="list-style-type: none"> 1. Staff will work with Clerk IT to determine the options for credit card payments and finalize process of accepting payments. Administration will be involved with the final decision to determine the level of customer service to be used at this location Implementation Date: December 2020 2. Staff will explore options to provide receipts in conjunction with the final process of payment that is chosen at this location. Implementation Date: upon verification of accepted payment process. 	✓		
1.4	Parks and Recreation should review the payment terms with Grantees and collect late fees in accordance with the terms of the contract.	<ol style="list-style-type: none"> 1. Updates to SOP manual will be made to reflect proper procedures. Implementation Date: September 2020 2. Training will be provided for all appropriate staff on proper methods to manage and enforce a contract and collect fees. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: September 2020 		✓	
1.5	<ul style="list-style-type: none"> • Implement procedures to accurately track the number of cars parked and/or the sale of alcoholic beverages • Review event documentation for accuracy • Only provide change funds to County personnel 	<ol style="list-style-type: none"> 1. Staff will implement the use of tickets for car parking sales and sales of alcoholic beverages for events to accurately track sales. Implementation Date: September 2020 or by next scheduled event 2. Cash will only be handled by County staff during an event for those areas pre-determined to be under the County's responsibility, which will be reflected in event documentation/agreement. Implementation Date: September 2020 3. Updates to SOP manual will be made to reflect proper procedures and training will be provided for all appropriate staff on accepted methods to track event revenue and complete profit/loss analysis post-event. This will include proper checks and balances and final review/approval by Parks & Rec Manager for all events. Implementation Date: September 2020 or by next scheduled event 4. County Administration to review advantages and disadvantages, with considering financial impact of hosting 	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
		community events, vice partnering with organizations to host the events.			
1.6	The Parks and Recreation Department personnel should adhere to the approved fee schedule which states, "Fees are non-refundable". In addition, department staff should reconcile the accounts receivable account on a monthly basis. This reconciliation should be reviewed by management	<p>1. Training will be conducted with staff members who manage contracts and/or rentals to ensure understanding of fee schedule and the importance of adhering to the approved rates. Implementation Date: October 2020 (or once final policy is approved by BOCC)</p> <p>2. Staff will reconcile all accounts receivables on a monthly basis, with final review by Parks & Rec Manager. Implementation Date: September 2020</p> <p>3. Any credit and/or refund exceptions considered for weather interruptions, natural disasters or pandemics that prompted cancellations will only be refunded after approval of Deputy County Administrator. Implementation Date: September 2020</p>	✓		
1.7	Reconcile the camp attendance records to the payment receipts. This reconciliation should be reviewed by management.	<p>1. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021</p> <p>2. Training will be conducted with Recreation staff members overseeing summer camp programs to ensure understanding of fee schedule and the importance of collecting/verifying all required registration paperwork and attendance records. Implementation Date: March 2021</p>	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
1.8	Management should consider implementing a monthly account reconciliation process and an in-depth periodic review of MaxGalaxy reports to identify possible transaction errors. In addition, management should periodically review the daily work that is submitted to the Clerk of Court and Comptroller's Financial Services Department.	<p>1. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021</p> <p>2. Management will be expected to conduct periodic reviews of daily work that is submitted to Finance Services to ensure proper procedures are being followed and to maintain working knowledge of revenue/expense activity for the Division. Implementation Date: January 2021</p>	✓		
1.9	<ul style="list-style-type: none"> • Monthly, review receipts for billboards such as, the MaxGalaxy GL Distribution report and compare the payment receipts to the Sign Advertising Agreements. • Parks and Recreation staff members should periodically review displayed advertisements to ensure billboards for cancelled agreements are promptly removed. • Modifications to Sign Advertising Agreements should be properly executed. 	<p>1. A full review of Sign Advertising Program will be conducted to include execution of new contracts for all sponsors and confirmation of signage currently displayed at County venues with any necessary adjustments to reflect signed agreements. Implementation Date: Completed</p> <p>2. Implementation of a monthly review process of all advertising contracts to include procedures for contract compliance, communication with sponsors for contract compliance, and management review. Implementation Date: October 2020</p> <p>3. Training will be conducted with staff members who manage advertising contracts to ensure understanding of fee schedule and the importance of adhering to the approved rates. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: October 2020 (or once final policy is approved by BOCC)</p>	✓		
2.1	Management should coordinate with the Purchasing and Contracts Department and the County Attorney's Office for the authorization of contracts.	<p>1. Staff will create templates for all contracts/agreements utilized by Parks & Recreation, with final review by County Attorney's Office and Purchasing and Contracts Department. Implementation Date: December 2020</p> <p>2. Signature Authorization for each level of contract/agreement will be determined by the Board of County Commissioners, upon recommendations from</p>	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
		<p>Purchasing and Contracts Department and County Attorney's Office, to allow for efficient daily operations. Implementation Date: December 2020</p> <p>3. Training will be conducted with staff members who manage contracts and/or agreements to ensure understanding of fee schedule and the importance of adhering to the approved contract terms. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: January 2021 (or once final policy is approved by BOCC)</p>			
2.2	<p>Parks and Recreation Department management should coordinate with the Purchasing and Contracts Department at the inception of a contract to obtain the Certificate of Insurance and review it for compliance with the contract terms. During the term of the contract, Parks and Recreation Department management should coordinate with Risk Management staff to obtain Certificates of Insurance from Grantees to ensure proper coverage is maintained throughout the term of the contract.</p>	<p>1. A system for collection, verification, and maintenance of Certificates of Insurance will be developed with the coordination of Risk Management and Purchasing and Contracts Department staff. Implementation Date: October 2020</p> <p>2. Training will be conducted with staff members who manage contracts and/or agreements to ensure understanding of required paperwork and the importance of adhering to the approved contract terms. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: January 2021</p>	✓		
2.3	<p>Parks and Recreation Management should work with the Purchasing and Contracts Department and the County Attorney's office to review and approve contract documents.</p>	<p>3. Staff will create templates for all contracts/agreements utilized by Parks & Recreation, with final review by County Attorney's Office and Purchasing and Contracts Department. Implementation Date: December 2020</p> <p>4. Signature Authorization for each level of contract/agreement will be determined by the Board of County Commissioners, upon recommendations from Purchasing and Contracts Department and County Attorney's Office, to allow for efficient daily operations. Implementation Date: December 2020</p>	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
2.4	Management should consider exclusively using the online registration feature of MaxGalaxy to allow parents/guardians to register and pay for their child to attend camps. If a parent/guardian does not have internet access, the Parks and Recreation Department should consider setting up a kiosk in their lobby.	<p>1. Staff will work with Clerk IT, Financial Services, and MaxGalaxy to fully utilize the registration and payment abilities of this software for all camp and program registrations. Implementation Date: January 2021</p> <p>2. Staff will submit a Legal Request to County Attorney's Office to determine the need of a notarized waiver with camp registrations. Implementation Date: January 2021</p> <p>3. An alternative will be reviewed and implemented to allow families with no internet access to complete registration. Implementation Date: January 2021</p> <p>4. Staff will conduct a review process in coordination with Clerk IT on the long-term technology needs of this division to determine if a software update or new software package may better meet the financial, security and operational needs of the Parks & Recreation Division. Implementation Date: Summer 2021</p>	✓		
2.5	Parks and Recreation management should track Sign Advertising Agreements to identify if an agreement is approaching its expiration date. In addition, payment receipts should be compared to the agreement.	<p>1. A full review of Sign Advertising Program will be conducted to include execution of new contracts for all sponsors and confirmation of signage currently displayed at County venues with any necessary adjustments to reflect signed agreements. Implementation Date: Completed</p> <p>2. Implementation of a monthly review process of all advertising contracts to include procedures for contract compliance, communication with sponsors for contract compliance, and management review. Implementation Date: October 2020</p> <p>3. Training will be conducted with staff members who manage advertising contracts to ensure understanding of fee schedule and the importance of adhering to the approved rates. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: October 2020 (or once final policy is approved by BOCC)</p>	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
2.6	To provide staff members with proper guidance and training, management should consider updating their Standard Operating Procedures to reflect the current processes and systems.	<p>1. A full review of all SOPs manuals for Parks and Recreation will be conducted to reflect current procedures. Implementation Date: currently under review</p> <p>2. Training will be conducted with staff members on final SOP manuals to ensure understanding of policies, and to include setting expectations and possible disciplinary action for non-compliance. Implementation Date: once final SOP manuals are approved</p> <p>3. If any changes in policy or procedures occur during the fiscal year, staff assigned to the particular task will be responsible for updating the SOP manual, management will communicate updated procedures with all staff members, and new policies will be available at all Parks & Recreation buildings where determined. Implementation Date: ongoing</p>	✓		
3.1	The system administrative rights should be transferred to the Information Technology Department. Parks and Recreation Management should coordinate with the Information Technology Department to identify the screens necessary for each of the user groups.	<p>1. In coordination with Clerk IT and Financial Services, a review will be conducted to determine the proper access rights for Parks & Recreation staff to ensure delegation of duties is reflected. Implementation Date: January 2021</p> <p>2. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021</p>	✓		
3.2	To reinforce the communications by the Information Technology Department's Security Analyst, Parks and Recreation Management should periodically review proper network and computer security procedures with staff members.	<p>1. The practice observed by audit team of posting security information has been addressed with appropriate staff members. Implementation Date: Completed</p> <p>2. Training will be conducted with all staff in conjunction with Clerk IT on proper network and computer security on a yearly basis and SOP manuals will reflect these responsibilities. Implementation Date: ongoing</p>	✓		

Audit Comment No.	Audit Services Recommendation	Management Responses	Implementation Status		
			Implemented	Partially Implemented	No Longer Applicable
3.3	<p>Management should consider the following:</p> <ul style="list-style-type: none"> Periodically, provide staff members with cash handling training such as that provided by the Clerk of Court and Comptroller's Financial Services Department Determine the feasibility of the following: Requiring two staff members (dual control) to access the safe and handle cash deposits Contract with a vendor to handle cash deposits Instruct staff members to secure their cash drawer during breaks and to not share their cash drawer with other staff members 	<p>1. Annual cash handling training will be provided and required to all appropriate staff by Financial Services. Implementation Date: ongoing</p> <p>2. New Parks & Recreation staff members will have to complete cash handling training by Financial Services and/or Finance Specialist prior to being placed in the field to ensure understanding of approved procedures. Implementation Date: ongoing</p> <p>3. Staff will conduct review of dual control system at all venues, but specifically Pine Island, to ensure safety and minimize risk to the County in cooperation with Financial Services. Once completed, any changes in procedures will be implemented immediately and SOP manuals will be updated. Implementation Date: December 2020</p>			✓

Acknowledgement

Fieldwork was performed by: Vicky Sizemore, Internal Auditor

This report was reviewed and authorized by Douglas A. Chorvat, Jr., Clerk of Circuit Court and Comptroller.



Douglas A. Chorvat, Jr.

4/12/2023

Date

BACKGROUND INFORMATION

The Parks and Recreation Department maintains over 20 parks throughout the county that offer residents and visitors opportunities to enjoy various leisure and recreational activities. To support the operations and maintenance of the park system, the department charges reasonable fees as approved by the Board of County Commissioners (BOCC). The fee schedule was adopted by the BOCC in County Resolutions 2016-99, 2016-191, 2017-150, 2018-181, 2021-10, and 2021-75.

In October 2016, the Parks and Recreation Department purchased MaxGalaxy software from Maximum Solutions, Inc. MaxGalaxy is a web-based recreation management software that is used by the department to manage and track programs, leagues, facility rentals, and concessionaire contracts. This software was implemented by the Parks and Recreation Department in December 2018 and reached its end of life at the end of September 2021.

In September 2021, the department purchased web-based recreation management software RecTrac from Vermont Systems, Inc. This software was implemented in October 2021 and is currently in use by the department.

OBJECTIVE

The purpose of this follow-up audit of the Parks and Recreation Contract Compliance and Financial Control Environment Audit was to assess the status of previous recommendations for improvement.

The purpose of the original audit was to provide management with some level of assurance that the department's internal controls for the collection and recording of fees and the administration of contractual agreements were adequate.

SCOPE

To determine the current status of the previous recommendations, ASD interviewed management and staff, and performed limited testing to assess the actual actions taken by management to implement operational improvements.

Samples were selected for testing from March 2022 through August 2022.

Opportunity for Improvement	Description	Page Reference
1.1	Collect fees for annual parking passes and building & pavilion rentals in accordance with the approved Fee Schedule	18-19
1.2	Collect and remit sales tax in accordance with Florida Statutes	19-20
1.3	Verification of parking fee payment	20
1.4	Collect payments and late fees in accordance with the contract terms	20-21
1.5	Enhance the tracking process of revenue generated by community events	21
1.6	Adhere to "Fees are non-refundable" policy	22
1.7	Verify payment is received for all camp attendees	22
1.8	Review accounting transactions for accuracy and completeness	23
1.9	Collect the approved fee for all billboards placed at the County parks	23-24
2.1	Comply with County contract authorization policy	25-26
2.2	Verify contractor insurance meets the contractual requirements throughout the entire term of the contract	26
2.3	Verify contract terms are consistently stated throughout the contract document	26-27
2.4	Verify camp registration forms are properly completed and submitted	27
2.5	Obtain and maintain current Billboard Agreements	28
2.6	Update operating procedures	28-29
3.1	Ensure staff members access rights are aligned with their job responsibilities	30
3.2	Provide staff with training on proper network security protocols	30
3.2	Implement dual control procedures for safe access and cash deposits	31-32

Discussion Points
Status of Recommendations

This section reports the follow-up actions taken by management regarding the Opportunities for Improvement reported in the Parks and Recreation Contract Compliance and Financial Control Environment Audit dated August 12, 2020. The audit comments and recommendations contained herein are those of the original audit, followed by the current status of the Opportunity for Improvement.

Discussion Point 1: Financial Transactions

To determine that proper fees were collected and posted to the department's records and the County's financial system, the Audit Team selected samples of annual parking passes, building & pavilion rentals, concessionaire contracts, in-house programs, community events, advertising, and sponsorships/donations for review. Documentation for these transactions was obtained from CLASS, MaxGalaxy, and OnBase.

Payments associated with the sampled transactions for annual parking passes, building & pavilion rentals, in-house programs, advertising, and sponsorships/donations were evaluated for compliance with the approved Fee Schedules, County Resolutions 2016-99, 2016-191, 2017-150 and 2018-181. Payments for the sample of contracts were evaluated for compliance with the contractual terms.

The revenue generated by the three community events selected for review was evaluated to ensure that sales were properly tracked and recorded in both the department's records and the County's financial system.

For applicable transactions, the collection and remittance of sales tax was evaluated for compliance with Florida Statutes 212.031, Tax on rental or license fee for use of property and 212.054, Discretionary sales surtax; limitations, administration, and collection.

In addition, the Audit Team evaluated the gate operations at Alfred McKethan/Pine Island Park and the procedures for Honor Boxes by interviewing staff members and by physical observation.

Based on the testing of transactions and discussions with department personnel, the collection and recording of sponsorships, and the collection of fees deposited at the Honor Boxes appeared to be operating effectively. For the other areas reviewed, the Audit Team identified Opportunities for Improvement regarding the collection and recording of the financial transactions.

1.1 Opportunity for Improvement: Collect fees for annual parking passes and building & pavilion rentals in accordance with the approved Fee Schedule

During our review of the collection of fees for annual parking passes and building & pavilion rentals, the Audit Team found that the approved rate was not consistently charged and collected for these transactions.

Recommendation: We recommend that management consider the following:

- Develop a policy regarding fees charged to non-profit organizations and present this policy to the Board of County Commissioners for approval.
- Restrict access to the rate table to authorized personnel only so that staff members cannot change the amount charged at the point of sale.

- Monthly, reconcile the payments received that are recorded in MaxGalaxy (e.g. GL Distribution Report) to the number of parking passes sold or to the building/pavilion Facility Schedule Report. The department's records should then be compared to the County's financial system. Ideally, for proper segregation of duties, these reconciliations should be performed by a staff member that does not post the entries to the accounts. All reconciliations should be reviewed by management.

Management Response:

1. Staff will prepare a draft policy for BOCC consideration to approve the rental rate for non-profit organizations. Implementation Date: September 2020
2. Training will be conducted with staff members who manage contracts and/or rentals to ensure understanding of fee schedule and the requirement of adhering to the approved rates. Implementation Date: October 2020 (or once final policy is approved by BOCC)
3. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021

Status: Implemented

1.2 Opportunity for Improvement: Collect and remit sales tax in accordance with Florida Statutes

When reviewing the various transactions, the Audit Team verified if sales tax should be charged and if it was to be charged that the correct sales tax amount was collected from the customer in accordance with Florida Statute 212.031 and 212.054.

In addition, a review of a sample of concessionaire contracts disclosed that the correct sales tax amount was not collected throughout the term of two contracts. The Clerk of Court and Comptroller's Financial Services Department identified and worked with the County Attorney's Office to correct the sales tax for one of the contracts. For the other contract, the audit team noted that the correct sales tax was not charged and collected for the first 4 ½ years of the contract.

Recommendation: Management should remain current on the applicable Florida Statutes pertaining to sales tax and ensure that the rate table is updated, accordingly. As part of the monthly reconciliation process, the sales tax amount should be verified for accuracy.

In addition, management should coordinate with the Clerk of Court and Comptroller's Department of Financial Services to remediate sales tax payment discrepancies.

Management Response:

1. Staff will coordinate with Financial Services to obtain information on current sales tax procedures and request any necessary training to reinforce this process. Staff will update SOP manual to reflect updated procedures, which

- will include the recommendation to consult with Financial Services for proper resolution should discrepancies arise. Implementation Date: January 2021
2. In coordination with Financial Services, decisions were made referencing two vendors who were charged incorrect sales tax. Implementation Date: Completed

Status: Implemented

1.3 Opportunity for Improvement: Verification of parking fee payment

The Audit Team observed operations at Alfred McKethan/Pine Island Park and interviewed gate attendants. The parking meter used to process credit card payments is located inside the gate. Customers paying by credit or debit card proceed into the parking area and subsequently remit payment. By gaining entry prior to submitting payment, the parking fee may not be paid.

Recommendation: Management should consider the following:

- Provide customers with a receipt to display on their dashboard and periodically verify that all parked vehicles have the displayed receipt.
- Determine the feasibility of accepting credit card payments at the gate via widely accepted software.

Management Response:

1. Staff will work with Clerk IT to determine the options for credit card payments and finalize process of accepting payments. Administration will be involved with the final decision to determine the level of customer service to be used at this location Implementation Date: December 2020
2. Staff will explore options to provide receipts in conjunction with the final process of payment that is chosen at this location. Implementation Date: upon verification of accepted payment process

Status: Implemented

1.4 Opportunity for Improvement: Collect payments and late fees in accordance with the contract terms

During the review of payments received and posted to the County's financial system for the contracts reviewed, we found that payments were not made in accordance with the contract terms for ten contracts. For four of the contracts, the Grantees paid the full amount due; however, payments were made after the due dates. For payments received after the due date, the Parks and Recreation Department did not assess and collect the applicable late fee.

Recommendation: Parks and Recreation should review the payment terms with Grantees and collect late fees in accordance with the terms of the contract.

Management Response:

1. Updates to SOP manual will be made to reflect proper procedures. Implementation Date: September 2020

2. Training will be provided for all appropriate staff on proper methods to manage and enforce a contract and collect fees. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: September 2020

Status: Partially Implemented

Updated Management Response:

Staff identified that one of the concession contracts made their monthly payment outside of the 10 day monthly contractual period. As a result, the vendor was notified, late fees have been collected, and future re-occurring incidents of potential late payments will result in immediate late fee accrual as well as potential loss of County Concessionaire contract should this matter not be fully corrected. Training with staff will be an ongoing implementation process.

1.5 Opportunity for Improvement: Enhance the tracking process of revenue generated by community events

The Audit Team reviewed the documentation for three community events. Revenue was generated at these events by charging for parking or for sale of alcoholic beverages. In general, due to a lack of adequate documentation, it could not be determined if all revenue was received and recorded to the County's financial system.

Recommendation: Management should consider the following:

- Implement procedures to accurately track the number of cars parked and/or the sale of alcoholic beverages
- Review event documentation for accuracy
- Only provide change funds to County personnel

Management Response:

1. Staff will implement the use of tickets for car parking sales and sales of alcoholic beverages for events to accurately track sales. Implementation Date: September 2020 or by next scheduled event
2. Cash will only be handled by County staff during an event for those areas pre-determined to be under the County's responsibility, which will be reflected in event documentation/agreement. Implementation Date: September 2020
3. Updates to SOP manual will be made to reflect proper procedures and training will be provided for all appropriate staff on accepted methods to track event revenue and complete profit/loss analysis post-event. This will include proper checks and balances and final review/approval by Parks & Rec Manager for all events. Implementation Date: September 2020 or by next scheduled event
4. County Administration to review advantages and disadvantages, with considering financial impact of hosting community events, vice partnering with organizations to host the events.

Status: Implemented

1.6 Opportunity for Improvement: Adhere to "Fees are non-refundable" policy

The transactions for three camps were reviewed for accuracy. In some instances, it was noted that if a child was unable to attend a camp that they were previously registered for, a refund was issued. To record the refund, staff erroneously processed an entry to accounts receivable that artificially increased the accounts receivable balance.

Recommendation: The Parks and Recreation Department personnel should adhere to the approved fee schedule which states, "Fees are non-refundable". In addition, department staff should reconcile the accounts receivable account on a monthly basis. This reconciliation should be reviewed by management.

Management Response:

1. Training will be conducted with staff members who manage contracts and/or rentals to ensure understanding of fee schedule and the importance of adhering to the approved rates. Implementation Date: October 2020 (or once final policy is approved by BOCC)
2. Staff will reconcile all accounts receivables on a monthly basis, with final review by Parks & Rec Manager. Implementation Date: September 2020
3. Any credit and/or refund exceptions considered for weather interruptions, natural disasters or pandemics that prompted cancellations will only be refunded after approval of Deputy County Administrator. Implementation Date: September 2020

Status: Implemented

1.7 Opportunity for Improvement: Verify payment is received for all camp attendees

A comparison of camp attendance sheets to payment receipts disclosed that payment was not received for 6 of 122 (5%) campers.

Recommendation: Reconcile the camp attendance records to the payment receipts. This reconciliation should be reviewed by management

Management Response:

1. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021
2. Training will be conducted with Recreation staff members overseeing summer camp programs to ensure understanding of fee schedule and the importance of collecting/verifying all required registration paperwork and attendance records. Implementation Date: March 2021

Status: Implemented

1.8 Opportunity for Improvement: Review accounting transactions for accuracy and completeness

The system conversion from CLASS to MaxGalaxy was done manually. Accounting transactions were entered to reverse remaining account balances in CLASS and were subsequently entered in MaxGalaxy. The review of financial transactions for the implementation of MaxGalaxy software disclosed numerous reversing transactions and other accounting irregularities.

During the review of the implementation of MaxGalaxy software, the Audit Team found an excessive number of reversing transactions. Of 294 purchase orders reviewed, 168 purchase orders (57%) had reversing transactions. In addition, purchase orders with variances were identified which resulted in credit balances in the accounts receivable account. The reversing transactions resulted in a remaining outstanding balance for ten Purchase Orders which totaled \$9,216.

The Audit Team also reviewed the accounting transactions entered at the time of the conversion for the sampled contracts. For several contracts, accounting entries appeared to result in the misstatement of revenue, unearned revenue, and/or accounts receivable.

In addition, payments for two contracts appeared to be applied to invoices in a random manner which negatively impacts the aging of the accounts receivable account.

Recommendation: Management should consider implementing a monthly account reconciliation process and an in-depth periodic review of MaxGalaxy reports to identify possible transaction errors. In addition, management should periodically review the daily work that is submitted to the Clerk of Court and Comptroller's Financial Services Department.

Management Response:

1. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021
2. Management will be expected to conduct periodic reviews of daily work that is submitted to Finance Services to ensure proper procedures are being followed and to maintain working knowledge of revenue/expense activity for the Division. Implementation Date: January 2021

Status: Implemented

1.9 Opportunity for Improvement: Collect the approved fee for all billboards placed at the County parks

A sample of parks was selected for the review of advertising processes and procedures. The parks that were judgmentally selected for review were: Alfred McKethan/Pine Island Park; Rogers Park; Bayport Park; Veterans Memorial Park; and Anderson Snow Park. These parks

had billboards displayed for 30 businesses. Our review found billboards were present without evidence of proper payment as follows:

- o Two companies had six billboards hanging as part of a sponsorship. Neither company had donated the required amount to qualify for free billboards.
- o Two companies had seven billboards hanging in lieu of undocumented services provided.
- o Six companies had seven billboards displayed that were cancelled by the advertiser.
- o One company had a sign donated by another company with no documentation of the purchase.

In addition, four companies were given discounted pricing without documented approval.

Recommendation: Management should consider the following:

- Monthly, review receipts for billboards such as, the MaxGalaxy GL Distribution report and compare the payment receipts to the Sign Advertising Agreements.
- Parks and Recreation staff members should periodically review displayed advertisements to ensure billboards for cancelled agreements are promptly removed.
- Modifications to Sign Advertising Agreements should be properly executed.

Management Response:

1. A full review of Sign Advertising Program will be conducted to include execution of new contracts for all sponsors and confirmation of signage currently displayed at County venues with any necessary adjustments to reflect signed agreements. Implementation Date: Completed
2. Implementation of a monthly review process of all advertising contracts to include procedures for contract compliance, communication with sponsors for contract compliance, and management review. Implementation Date: October 2020
3. Training will be conducted with staff members who manage advertising contracts to ensure understanding of fee schedule and the importance of adhering to the approved rates. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: October 2020 (or once final policy is approved by BOCC)

Status: Implemented

Discussion Point 2: Recordkeeping

For the contracts and transactions selected for review, the Audit Team reviewed all applicable documentation for completeness and proper authorization. Contracts and agreements were reviewed for proper authorization that complied with County Ordinance 93-16, Sec 2-103, Organization; Centralization of Procurement Authority and Purchasing and Contracts procedure 020G, Delegation of Commitment Authority.

Certificates of Liability Insurance for each of the contracts were reviewed for adherence to the contractual terms. The Certificate of Liability Insurance specifies the type of insurance, policy effective dates, limits, and additional insured information. To perform this test, imaged copies of these certificates were reviewed.

In addition, the Audit Team obtained and reviewed the Parks and Recreation Department's Standard Operating Procedures and job descriptions.

2.1 **Opportunity for Improvement: Collect the approved fee for all billboards placed at the County parks**

County Ordinance 93-16, Sec 2-103 states that "Except as otherwise provided, all rights, powers, duties, and authority relating to the procurement and contracting of goods and services shall reside with the office of the chief procurement officer." In addition, Purchasing and Contracts Procedure No. 020G, Delegation of Commitment Authority, delineates the summary purchasing thresholds and the categories of individual delegation.

Our review of contracts for concessionaire services, in-house programs, and events disclosed that the authorization of contracts did not consistently comply with neither the County Ordinance 93-16, Sec 2-103 nor the Purchasing and Contracts Procedure No. 020G. During our review, we found that the Parks and Recreation Manager authorized:

- 15 of the 19 concessionaire contracts;
- 3 of the 6 in-house program (class instructor) contracts;
- 1 of the 3 community event contracts

In addition, there was also one instance in which the Parks and Recreation Finance Specialist authorized the modification of a contract.

Recommendation: Management should coordinate with the Purchasing and Contracts Department and the County Attorney's Office for the authorization of contracts.

Management Response:

1. Staff will create templates for all contracts/agreements utilized by Parks & Recreation, with final review by County Attorney's Office and Purchasing and Contracts Department. Implementation Date: December 2020
2. Signature Authorization for each level of contract/agreement will be determined by the Board of County Commissioners, upon recommendations from Purchasing and Contracts Department and County Attorney's Office, to allow for efficient daily operations. Implementation Date: December 2020
3. Training will be conducted with staff members who manage contracts and/or agreements to ensure understanding of fee schedule and the importance of

adhering to the approved contract terms. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: January 2021 (or once final policy is approved by BOCC)

Status: Implemented

2.2 Opportunity for Improvement: Verify contractor insurance meets the contractual requirements throughout the entire term of the contract

The contract terms state the specific requirements for insurance, indemnity, and allocation of risks. Although department personnel were fully aware of the need to obtain Certificates of Liability Insurance, our review found numerous inconsistencies between the insurance coverage documentation and the insurance requirements stipulated in the contracts.

Our review of contracts for concessionaire services, in-house programs, and community events disclosed that of the 30 contracts reviewed:

- 9 did not have insurance coverage for the entire contract period
- 9 did not have proper insurance coverage per the terms of the contract
- 1 did not list the Board of County Commissioners as an additional insured

Recommendation: Parks and Recreation Department management should coordinate with the Purchasing and Contracts Department at the inception of a contract to obtain the Certificate of Insurance and review it for compliance with the contract terms. During the term of the contract, Parks and Recreation Department management should coordinate with Risk Management staff to obtain Certificates of Insurance from Grantees to ensure proper coverage is maintained throughout the term of the contract.

Management Response:

1. A system for collection, verification, and maintenance of Certificates of Insurance will be developed with the coordination of Risk Management and Purchasing and Contracts Department staff. Implementation Date: October 2020
2. Training will be conducted with staff members who manage contracts and/or agreements to ensure understanding of required paperwork and the importance of adhering to the approved contract terms. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: January 2021

Status: Implemented

2.3 Opportunity for Improvement: Verify contract terms are consistently stated throughout the document

Our review of the contract documents disclosed that the terms of two contracts were not consistently stated throughout the contract documents.

Recommendation: Parks and Recreation Management should work with the Purchasing and Contracts Department and the County Attorney's office to review and approve contract documents.

Management Response:

1. Staff will create templates for all contracts/agreements utilized by Parks & Recreation, with final review by County Attorney's Office and Purchasing and Contracts Department. Implementation Date: December 2020
2. Signature Authorization for each level of contract/agreement will be determined by the Board of County Commissioners, upon recommendations from Purchasing and Contracts Department and County Attorney's Office, to allow for efficient daily operations. Implementation Date: December 2020

Status: Implemented

2.4 Opportunity for Improvement: Verify that camp registration forms are properly completed and submitted

To enroll in camps, parents/guardians submit a completed registration form. This form includes a waiver to "indemnify and hold harmless Hernando County, any of its agents, representatives, officers, or employees, from any claim for injury of our child during special activities and events, including travel to and from all field trips and events, and any claims based on the negligent action or inaction of Hernando County, its agents, representatives, officers, or employees, and agree not to institute or be a party to any action or suit against Hernando County ..."

During our review, we found the following:

- A registration form was not on file for 9 of 122 (7%) campers
- A registration form was not signed by the parent/guardian for 7 of 122 (5%) campers
- The Parent/Guardian's signature was not notarized for 13 of 122 (11%) campers

Recommendation: Management should consider exclusively using the online registration feature of MaxGalaxy to allow parents/guardians to register and pay for their child to attend camps. If a parent/guardian does not have internet access, the Parks and Recreation Department should consider setting up a kiosk in their lobby.

Management Response:

1. Staff will work with Clerk IT, Financial Services, and MaxGalaxy to fully utilize the registration and payment abilities of this software for all camp and program registrations. Implementation Date: January 2021
2. Staff will submit a Legal Request to County Attorney's Office to determine the need of a notarized waiver with camp registrations. Implementation Date: January 2021
3. An alternative will be reviewed and implemented to allow families with no internet access to complete registration. Implementation Date: January 2021
4. Staff will conduct a review process in coordination with Clerk IT on the long-term technology needs of this division to determine if a software update or new software package may better meet the financial, security and operational needs of the Parks & Recreation Division. Implementation Date: Summer 2021

Status: Implemented

2.5 Opportunity for Improvement: Obtain and maintain current Sign Advertising Agreements

Our review of Sign Advertising Agreements for the parks selected for review disclosed inconsistencies regarding the completion of the agreements. Of the 30 advertising accounts reviewed:

- 10 accounts had no agreement on file
- 7 agreements were not signed
- 5 were expired

Recommendation: Parks and Recreation management should track Sign Advertising Agreements to identify if an agreement is approaching its expiration date. In addition, payment receipts should be compared to the agreement.

Management Response:

1. A full review of Sign Advertising Program will be conducted to include execution of new contracts for all sponsors and confirmation of signage currently displayed at County venues with any necessary adjustments to reflect signed agreements. Implementation Date: Completed
2. Implementation of a monthly review process of all advertising contracts to include procedures for contract compliance, communication with sponsors for contract compliance, and management review. Implementation Date: October 2020
3. Training will be conducted with staff members who manage advertising contracts to ensure understanding of fee schedule and the importance of adhering to the approved rates. This will include setting expectations to follow contract terms and possible disciplinary action for non-compliance. Implementation Date: October 2020 (or once final policy is approved by BOCC)

Status: Implemented

2.6 Opportunity for Improvement: Update Standard Operating Procedures

The Audit Team reviewed the Parks and Recreation Department's Standard Operating Procedures. Of the 30 procedures reviewed, 18 were last updated in 2005 and 12 were last updated in 2018. Five of the 30 procedures were not signed by management.

Recommendation: To provide staff members with proper guidance and training, management should consider updating their Standard Operating Procedures to reflect the current processes and systems.

Management Response:

1. A full review of all SOPs manuals for Parks and Recreation will be conducted to reflect current procedures. Implementation Date: currently under review
2. Training will be conducted with staff members on final SOP manuals to ensure understanding of policies, and to include setting expectations and possible disciplinary action for non-compliance. Implementation Date: once final SOP manuals are approved
3. If any changes in policy or procedures occur during the fiscal year, staff assigned to the particular task will be responsible for updating the SOP manual,

management will communicate updated procedures with all staff members, and new policies will be available at all Parks & Recreation buildings where determined. Implementation Date: ongoing

Status: Implemented

Discussion Point 3: Network & Physical Security

During the audit the Audit Team evaluated both network and physical security. The Parks and Recreation Department implemented new software in December 2018. Staff access rights in the new system were reviewed to ensure that they aligned with their job responsibilities.

In addition, the Audit Team observed physical security measures during the audit process.

3.1 **Opportunity for Improvement: Ensure staff members access rights are aligned with their job responsibilities**

A review of MaxGalaxy user rights disclosed that staff members have access to update their system permission rights and have access to modify the rate structure.

Recommendation: The system administrative rights should be transferred to the Information Technology Department. Parks and Recreation Management should coordinate with the Information Technology Department to identify the screens necessary for each of the user groups.

Management Response:

1. In coordination with Clerk IT and Financial Services, a review will be conducted to determine the proper access rights for Parks & Recreation staff to ensure delegation of duties is reflected. Implementation Date: January 2021
2. A process will be implemented to address proper segregation of duties. This will include the transfer of the financial duties to a position under the supervision of the Office of Management and Budget, full training of Recreation staff and supervisors on proper procedures for reconciliations and updating SOP manuals to reflect updated procedures. Implementation Date: January 2021

Status: Implemented

3.2 **Opportunity for Improvement: Provide staff with training on proper network security protocols**

The Audit Team observed that staff members' network login credentials were posted on a bulletin board in a shared workspace.

Recommendation: To reinforce the communications by the Information Technology Department's Security Analyst, Parks and Recreation Management should periodically review proper network and computer security procedures with staff members.

Management Response:

1. The practice observed by audit team of posting security information has been addressed with appropriate staff members. Implementation Date: Completed
2. Training will be conducted with all staff in conjunction with Clerk IT on proper network and computer security on a yearly basis and SOP manuals will reflect these responsibilities. Implementation Date: ongoing

Status: Implemented

3.3 Opportunity for Improvement: Implement dual control procedures for safe access and cash deposits

Based on observations during the audit and discussions with personnel, department procedures did not require dual control for safe access and cash deposits.

Recommendation: Management should consider the following:

- Periodically, provide staff members with cash handling training such as that provided by the Clerk of Court and Comptroller's Financial Services Department
- Determine the feasibility of the following:
 - Requiring two staff members (dual control) to access the safe and handle cash deposits
 - Contract with a vendor to handle cash deposits
- Instruct staff members to secure their cash drawer during breaks and to not share their cash drawer with other staff members

Management Response:

1. Annual cash handling training will be provided and required to all appropriate staff by Financial Services. Implementation Date: ongoing
2. New Parks & Recreation staff members will have to complete cash handling training by Financial Services and/or Finance Specialist prior to being placed in the field to ensure understanding of approved procedures. Implementation Date: ongoing
3. Staff will conduct review of dual control system at all venues, but specifically Pine Island, to ensure safety and minimize risk to the County in cooperation with Financial Services. Once completed, any changes in procedures will be implemented immediately and SOP manuals will be updated. Implementation Date: December 2020

Status: No Longer Applicable

Administration Response:

Upon request of this audit in 2018, Administration desired to determine the level of efficiency and adherence to approved policies and procedures in the Parks & Recreation Division. We appreciate the extended efforts of the Audit team to fully analyze the current financial operations of this division and to provide Administration with a detailed report of opportunities for improvement and training. In order to move forward in a positive direction and put quality control parameters in place, we feel it's imperative to continue to work to provide increased supervision for the Parks and Recreation Division and change the management of the division.

We feel by placing the current Parks and Recreation Division Manager in the Recreation Coordinator position, we can maximize his strengths in the recreation field while assisting new leadership. Administration will appoint an Interim Manager during the time which Administration and staff will be evaluating where the needs of the division stand and how to best move forward.

Successful leadership in any division is critical; however, proper supervision to provide the necessary support is also a key element in success. When funding allows, the

staffing of the vacant Community Services Director will allow for proper oversight for this division that does not overload the Deputy County Administrator with an excessive number of direct reports.