



GREGORY C. HARRELL

CLERK OF COURT AND COMPTROLLER – MARION COUNTY, FLORIDA

Revenue Control Review of Parks Operations

Parks and Recreation Department

Report No. 2025-01

May 19, 2025

Issued To:

The Honorable Board of County Commissioners
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REPORT ABBREVIATIONS AND TERMS

Terminology	Abbreviation
Florida Department of Revenue	FDOR
Honor Box	HB
Human Resources Department	HR
Management of the Parks & Recreation Department	Management
Point-of-Sale	POS
Policies and Procedures	P&Ps

EXECUTIVE SUMMARY

Pursuant to our annual audit plan for the calendar year 2024, we have completed an internal control review of the Marion County Parks and Recreation Department with emphasis on financial activities.

Overall, we concluded the control designs were generally adequate in terms of P&Ps and systemic controls such as control features in cash registers already in place; however, we found that effectiveness of the controls (how well the controls in place were utilized) varied depending on the operating locations.

The areas we reviewed are summarized in a table below.

Internal Control Principles	Areas Reviewed	Results
Enforcement of accountability	Implementation of the agreed-upon recommendations	Observation 1
	Compliance – enforcement of late fees and an unexecuted lease	Observation 14
	Compliance – collection of lease payments	No Exception
Design control activities	Segregation of duties – void processing	Observation 8
	Human management – Employee transfer policy	Observation 7
	Safeguarding of assets – unannounced cash count	Observation 2 Observation 5
	Safeguarding of assets – safe combinations	Observation 6
	Safeguarding of assets – surveillance cameras	Observation 11
	Reviews by management – KP Hole financial controls	Observation 2
	Appropriate documentation of transactions - Park Passes	Observation 15
Design activities for the information system	IT infrastructure – Register configuration at KP Hole	No Exception
	IT infrastructure – Register configuration at Carney Island	Observation 10
	Security management – Password sharing	Observation 2

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Communicate internal control information internally	Communication within the entity – Understanding of and compliance with the policies and procedures (P&Ps)	Observation 3 Observation 4
Communication with external parties	Sales tax reporting	Observation 9
	Park fee signage	Observation 12
	Lease payment classification	Observation 13

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Overview of Opportunities for Improvement		
#	Summary	Management Response and Status
1	Implementation of prior audit recommendations will increase better understanding of the policies throughout the department and compliance.	Agreed (Implementation in Progress)
2	Increased monitoring of the financial controls will strengthen the operations at KP Hole.	Agreed (Implementation in Progress)
3	Ensuring all the departmental employees signed Acknowledgment of Cash Handling P&Ps increases assurance that the employees are knowledgeable of the P&Ps.	Agreed (Implementation in Progress)
4	Ensuring compliance with Cash Handling P&Ps reduces the risk of mishandling cash.	Agreed (Not Yet Implemented)
5	Keeping cash drawers infrequently used without monitoring will increase risk of theft and reduces accountability.	Agreed (Implemented)
6	Changing the safe's combination periodically can reduce the risks of cash mishandling, unauthorized access, and theft.	Agreed (Implementation in Progress)
7	Clarification of the background check standards on employee transfers will assist the Human Resources Department (HR) and the hiring department to make an informed decision and consistent application of the standards.	Agreed (Implementation in Progress)
8	Lack of P&Ps in place for voiding transactions, no supervisory approval, and employees voiding their own transactions increase the potential for unauthorized adjustments.	Agreed (Not Yet Implemented)
9	Discrepancy between the collected and reported State sales tax rates leads to non-compliance with the Florida Department of Revenue (FDOR).	Agreed (Implemented)
10	An incorrectly configured cash register leads to collecting inaccurate sales tax amounts and increases risks of the County to be out of compliance in tax reporting.	Agreed (Implemented)
11	Using surveillance cameras to monitor Honor Boxes (HB) may minimize the risk of revenue loss and property damage.	Agree with Reservations (Not Yet Implemented)

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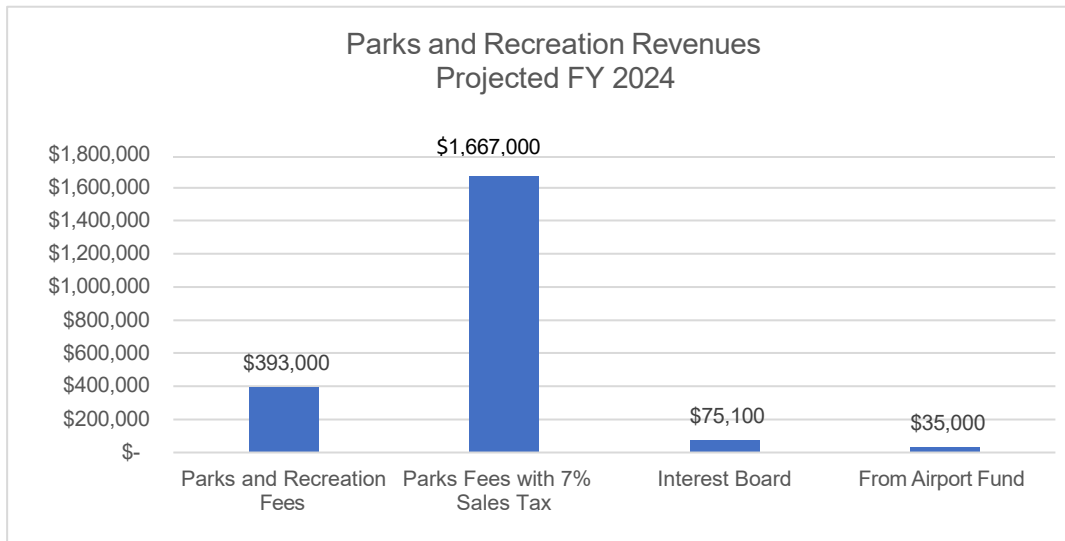
Overview of Opportunities for Improvement		
#	Summary	Management Response and Status
12	Ensuring that park fees signages are updated helps the visitors and avoids revenue loss.	Agreed (Implemented)
13	Inclusion of the property lease payments in the Fee Revenue account is a misclassification and leads to inaccurate financial reporting.	Agreed (Implemented)
14	Uncollected lease late fees may entice tenants to remit late payments, and an unexecuted lease may create a risk of disputes, non-compliance, and difficulty in enforcing agreed upon terms.	Agreed (Implementation in Progress)
15	Maintaining the Tax Collector's Annual Park Pass Forms serves as supportive documentation to verify the sales information.	Agreed (Implemented)

It is important to emphasize that this audit does not guarantee that all areas for improvement were noted. Our audit focus was on the adequacy of internal controls. Non-compliance or irregularities, not included in this report, could exist because this audit did not include a review of all records and actions of the Department.

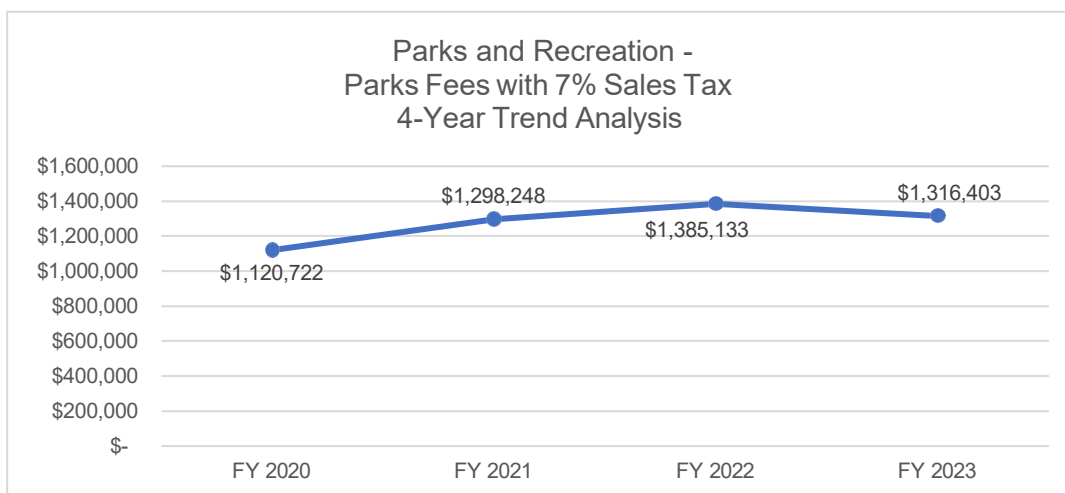
We would like to thank the employees and the managements of Parks & Recreation, HR and Finance Departments for their cooperation during the audit.

BACKGROUND

This audit was performed pursuant to our annual audit plan for the calendar year 2024. The Parks and Recreation Department's projected revenues for Parks and Recreation Fees and Parks Fees with 7% Sales Tax for FY 2024 were \$ 393,000 and \$ 1,667,000 respectively. The Fees amount represents cash collections, check, and credit card payments. These revenues include all the fees generated through program registrations, day user fees, pavilion/cabin/equipment rentals, and park pass sales. The combined total of these revenues, \$ 2,060,000, represents almost 95% of the total department's annual revenue, excluding the balance forward.



The following graph depicts a four-year trend analysis of the Parks Fees including the 7% Sales Tax (FY 2020 - 2023):



OBJECTIVE, SCOPE, AND APPROACH

Our audit objective was to determine whether the Parks Division of the Parks and Recreation Department had adequate internal controls over cash handling and reporting of revenue.

The scope of the audit was from January 1, 2023, through March 31, 2024.

Our approach included reviews and tests of records, analyses, interviews with the employees, unannounced cash counts, as well as observations of the sites.

OPPORTUNITIES FOR IMPROVEMENT

Observation 1 – Implementation of prior audit recommendations will increase better understanding of the policies throughout the department and compliance.

In our prior audit conducted in 2015 (Report #2015-04), we had made four (4) recommendations, all of which Management had agreed to, but not all recommendations were implemented.

Recommendation #	Recommendation	Status
1	Devise an approved form to be completed by any Park Ranger to document the performance of the honor system monitoring and compliance activities.	Implementation in Progress
2	Finalize the proposed policy revisions and incorporate them into its Procedures Manual.	Implemented
3	Ensure at least annually that its staff are reminded of all policies, especially those related to cash collections, with reference to the Procedures Manual.	Not Yet Implemented
4	Ensure at least annually that its staff are reminded of all policies, especially those related to cash counting and transmittal.	Not Yet Implemented

Below are discussions of the three recommendations that were not fully implemented.

Recommendation 1: The Parks Department has six (6) parks with an HB. A significant portion of Parks' revenue is derived from cash collected at HBs at the parks as staffing many of the facilities with gate attendants can be economically ineffective. The HBs provide an expedient system which allows the Parks facilities to remain open to the public and provides the means to collect revenue. Park Rangers are responsible for ensuring compliance with the "honor system" and logging such activity per the P&Ps created subsequently to our recommendation in 2015.

We found that not all Park Rangers were logging their monitoring activities of the HBs. We commend the Gore's Landing Park Ranger who oversees the North Division for reviewing the P&Ps and creating a monitoring log sheet on his own initiative.

Management Response: Agreed. The North District Park Ranger created a spreadsheet to document his monitoring of the honor box system. Department staff are using this form to develop a policy and procedure that applies to all staff members who monitor or collect funds from honor boxes. This will be incorporated into departmental training as well moving forward.

The long-term goal is to remove honor boxes and replace them with automated gates/teller systems.

Implementation Status: Implementation in Progress.

Implementation Target Date: November 1, 2025.

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Recommendations 3 and 4: The management of the Parks & Recreation Department (Management) updated the Procedures Manual following Recommendation #2 but did not remind the staff annually to review all policies including cash collections, cash handling, and transmittals.

Management explained that the incomplete implementation of the prior recommendations may have been due to inadequate monitoring, communication gaps, and a lack of consistent reminders and training.

Not implementing previously provided audit recommendations that focus on improving internal controls may lead to errors, theft, or fraud that could have been prevented.

We recommend that Management implement these previously provided opportunities for improvement to reduce risks and strengthen the internal controls.

Management Response: Agreed. Staff are developing an annual training program to include the Administrative and departmental policies and procedures related to cash handling. Additionally, the department is enhancing its onboarding process to include this training before the new staff member begins handling any form of tender.

Implementation Status: Not Yet Implemented.

Implementation Target Date: November 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 2 – Increased monitoring of the financial controls will strengthen the operations at KP Hole.

During the audit conducted at KP Hole, we identified several internal control weaknesses, which aggregated to an internal control deficiency, including discrepancies between cash and credit card transactions, lack of supervision or investigation of overages and shortages, and incorrect recording of equipment rental deposits, among others, which are detailed below.

1. Unannounced Cash Count:

We performed unannounced cash counts of two registers and a Change Fund of KP Hole and found a shortage in the Change Fund, an overage in one register, and no exception in the other register. We discuss the two exceptions below.

- i. A shortage of \$7 in the \$100 change fund.

Neither documentation nor plausible explanation was provided.

- ii. Of the two Point-of-Sale (POS) terminals used by the park, POS terminal #1 showed an overage of \$51.26.

Immediately following the discovery of the \$51.26 overage, a Parks' employee reversed \$50 in cash without analysis. The employee attributed the overage to a difference between two equipment rental deposit returns in one transaction (\$100) earlier that day when the two boats were returned and subsequently creating only a single deposit charge of a \$50 cash rental deposit in the POS system, each event occurring approximately 3 hours and 1.5 hours prior to the unannounced cash count. The employee did not provide any explanation for reversing a single deposit earlier and not two.

The KP Hole employees on site informed us that the instruction was to record these types of transactions as "credit cards" only. However, our analysis showed more times than not, "Rental Deposit" received were recorded as cash transactions and "Rental Return" was recorded as credit card transactions, creating overage in cash and shortage in credit card. (We note that credit card shortage at POS did not create any discrepancy on the credit card transaction reports in Paymentus because the POS and Paymentus run independently and do not synchronize.)

They further stated that, at the end of the day, the amounts under these categories must agree, and if they do not, they enter additional transactions to "make it balance." Through inquiries, we found that KP Hole had a practice of recording non-monetary transactions of boat rentals as if actual exchange of \$50 deposits and subsequent returns took place for the purpose of tracking boat rentals.

Registering non-monetary transactions as if there were actual transactions of \$50 at each boat rental/return and adjusting such transactions at the end of the day for the purpose of balancing can lead to fraud and errors and making the data unreliable.

Management could not provide an explanation for the discrepancies found.

Management Response: Agreed. Change fund: confirmed with staff that shortage of change fund was due to human error. Staff have worked with the Finance Department to eliminate the cash fund and increase the starting balance in each cash register by \$100, bringing the total starting balance of each register to \$300. This will eliminate the opportunity for human error.

The Change Fund has a balance of \$100 and is kept in the safe at KP Hole for the purpose of making change when the two cash registers are running short on lower denomination bills. This finding is related to the change fund being short by \$7, not the actual cash register.

Overage at register: Confirmed with staff that the overage referenced in this finding was related to an equipment rental deposit that was not returned to the customer. As a result of this finding, as of April 1, 2025, staff have eliminated the deposit previously required to rent paddle craft as it creates unnecessary opportunities for error. Moving forward, staff are holding the customer's driver license until they check back-in with staff.

During the time of this audit, the process for renting paddle craft included a \$50 rental deposit which was refunded upon their return. However, if the customer leaves the equipment at KP Hole without notifying staff that they have returned, staff does not know how to perform the refund. Staff often have to call the customer to confirm whether or not they have left the park so the refund can be completed. This creates unnecessary opportunities for a missed refund, which was the case for this specific finding.

Implementation Status: Implemented.

2. Not consistently utilizing a control feature of POS or analyzing discrepancies:

The POS has an embedded control to record a "Drop" (excess money removed from the POS for safeguarding in safe or another location). The employees can make multiple "Drops" throughout the day, accounting for cash and credit sales removed from the POS. If the control feature was utilized as designed, it works as "checks and balances". The total of the "Drop" amounts should match the total sales when the POS is closed. When there is a discrepancy, it should alert the employees or Management to investigate.

We found that there were discrepancies in the dropped amounts and total sales registered in the POS, including overages and shortages, which were not always reported to Finance or analyzed.

For our sampling period of August 1 - September 2, 2024, we analyzed 43 end of the day POS reports, commonly known as a "Z report". We noted 36 overages and 6 shortages according to the Z reports, most of which were less than \$1, but some amounts were larger as listed below:

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	Date	Amount	Over or Short
1	08/08	\$3,815.07	short
2	08/11	\$135.06	over
3	08/14	\$66.56	short
4	08/17	\$197.31	short
5	08/18	\$16.65	short (Register 1)
6	08/18	\$26.11	over (Register 2)
7	08/24	\$30.37	over
8	08/25	\$29.68	over
9	08/31	\$1,100.45	over
10	09/01	\$25.40	over
11	09/02	\$42.05	over

Out of the 11 discrepancies listed, only one discrepancy of \$1,100.45 on 08/31 had evidence of analysis by the KP Hole employees and a plausible explanation, which resulted from accidentally duplicating a drop amount.

Our analysis of the Z report showed a zero "Drop" amount on 08/08, indicating not utilizing the control feature and providing an explanation for the shortage of \$3,815.07.

We found no evidence of analysis or explanations for the remaining 9 discrepancies. Furthermore, all discrepancies less than \$1 matched exactly or closely to the "over/short" amount on the transmittals, but the larger amounts did not.

Management could not provide an explanation for the discrepancies found.

Management Response: Agreed. The current POS system will be eliminated in May 2025 due to the end of the County's contract with Paymentus. As a short term solution, the IT department is developing a system through Tyler Cashiering while we research and select a new POS system. Part of this future implementation process will include ensuring the system has automated functions related to performing a drop. Additionally, the department will enhance training and SOPs for staff to ensure they follow all processes related to drops.

The "drop" referenced in the audit report refers to the process of removing excess cash from the cash register throughout the day and also closing the register for the night. During the busy season, staff frequently have to perform a drop during business hours to remove the excess cash, which is placed in the safe. This can be performed manually without going through any automated process in the cash register (because this automation does not exist to ours or IT's knowledge). At the end of the day, the deposit transmittals match the physical cash on hand and the Paymentus report, but because the drop wasn't recorded in the cash register, the Z report shows those drops as a shortage. There is no actual missing cash, however.

The current POS system does not have any functions that would automate the drop process or set a threshold of when to initiate a drop. When staff close the register at the end of the day, the closing amount can be entered, but not the drop amount as the system isn't formatted to require this, leaving room for human error.

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The current POS system utilizes Paymentus, which the County will be eliminating in May 2025. KP Hole Park will migrate to Tyler Cashiering as short term solution. Long term, the department will be researching options for a more efficient and modernized POS system that automates more processes, such as the "drop". This will include working alongside the Procurement Services and IT departments.

Implementation Status: Not Yet Implemented.

Implementation Target Date: May 1, 2027.

3. Manually Adjusted Report:

For credit card transactions, KP Hole uses the Paymentus software. KP Hole employees generate a credit card report from Paymentus which automatically exports transaction data of a specified period to an Excel format. Once generated, we were informed that they make manual adjustments to the data by eliminating reversed transactions for the purpose of "cleaning up the data" and calculate the total for the day.

During the sample period mentioned in Section 2 of this observation, there was one occasion Finance had to revise the reported credit card sales by \$155 resulting from an error of a KP Hole employee accidentally having deleted a transaction while eliminating reversed transactions. Manipulation of data can lead to such errors resulting in inaccurate reporting.

We note that Finance found this error because they independently generate a report of the credit card transactions and review and compare them to transmittals submitted by KP Hole.

Management explained that the employees were under the impression that they needed to clean up the report by deleting declined or reversed credit card transactions.

Management Response: Agreed. Please see Management Response to item no. 1 regarding "Unannounced Cash Count - Overage at cash register."

Implementation Status: Implemented.

4. Voids:

Cashiers can void their own transactions; there are no P&Ps for transaction voids; there is no supervisory review or approval process for voided transactions. (This observation is discussed further in Observation 8). Voided transactions lacked reasons for the void in addition to missing supporting documentation such as the receipt of the original transaction.

We found one instance whereby the payment methods between the voided and the original transactions did not match. This involved two transactions, one was paid with cash and the other with a credit card, originally. The total of the two were voided in a single transaction as a credit card transaction.

The Park Ranger stated that the practice of voiding their own transactions, or no supervisory reviews, had already been in place when the Park Ranger took the position

and continued to follow the same process.

Management response: Agreed with Reservations. For a short term solution, KP Hole staff have started documenting on their copy of the receipt if the void was an actual void or a refund and why it was performed.

The internal auditors performed a review of KP Hole transmittals, with a sample size of one month's worth of transmittals. During this review, the internal auditors noted that voids are performed without a reason provided and determined full time staff can perform a void without supervisory approval. However, the number of voids performed during this sample period was not provided in the auditing report. After further review by leadership at KP Hole, it was determined that there could be a range of 1 - 10 voids performed per day, total. Considering that during the busy season, staff may process a total of 1,000+ transactions, department staff consider the number of voids within an acceptable range. Additionally, refunds show as a void on the Z report and there is no option to key in a note that clarifies if it was a refund or an actual void and why the action was performed. Staff also want to clarify that they offer every possible alternative to the customer (such as a refund, renting a different type of equipment or tubing) before actually voiding the transaction. Voids are also performed if the staff member was in the middle of a transaction when the POS system crashes. A void of the that failed transaction is required before starting the process over again. However, this specific reason for voiding a transaction should be eliminated when the facility switches over to Tyler Cashiering.

Implementation Status: Implemented.

Long Term: A long term solution will take considerable time to develop and may be dependent upon what features exist in newer POS systems. Department staff agree that a future policy and procedure will need to be developed as well as subsequent training for staff.

With regard to supervisory approval, KP Hole leadership clarified that they are providing seasonal staff with a verbal approval to perform refunds. However, there is no option in the current POS system to key in an approval or visually show the supervisor's approval. Full time staff are entrusted and empowered to provide the highest level to customer service, while keeping the line of guests moving quickly. Full time staff are trained to evaluate the situation and make a judgement call of how to best serve the customer, which may include performing a refund or void without the supervisor being present so as not to leave the customer waiting or leave the cash register unattended while the line continues to grow.

Implementation Status: Not Yet Implemented.

Implementation Target Date: May 1, 2027.

5. Untracked Z Report Batch Numbers:

KP Hole employees are to generate Z Reports at the end of the business day to capture all sales and activities. Generating Z report automatically creates a batch and zeroes out the POS in preparation for the next day's sales.

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For each Z report generated, the system automatically assigns a sequential batch number. These sequential numbers are an embedded control to detect any missing transactions if batch numbers reported were not sequential.

We found that KP Hole employees do not track the batch numbers of Z reports.

Management was not aware that tracking the batch number is a means of control.

Management Response: Agreed. The staff at KP Hole are now tracking the Z Report batch numbers on the daily transmittals.

Implementation Status: Implemented.

6. No benchmark for “No Sale” Transactions:

The POS terminal contains a key labeled as “No Sale” the purpose of which is to open the drawer of the POS without a sale. For accountability and auditing purposes, it logs the action of opening a drawer without sales. Excessive use of the “No Sale” key can raise concerns for potential theft.

According to the Park Ranger, this key is used for the following situations:

- A customer that needs change.
- When an employee registers a transaction and a cash payment, the drawer automatically opens to provide the customer his/her change. The original cash payment is kept out until the customer leaves the pay window. This is done to ensure there was no issue with the payment, i.e. customer claims that he/she paid more than was provided.
- An employee receives a check and forgets to store it in the drawer.
- To take out money for the drop.

Our examination of the Z reports indicated the drawer was opened as “No Sale” transactions between 2-9 times per day during the sampled period.

While the reasonableness of the No Sale numbers largely depends on the nature of the business, we noted that there was no benchmark for KP Hole or any other Parks. It would be helpful for Management to assess its operations and establish benchmarks to ensure they are within a reasonable range and to identify any irregularities that may require further reviews.

Management was not aware that monitoring or benchmarking the number of “No Sale” tracking can be a means of control.

Management Response: Agreed. Thresholds for the “no sale” function being used at each cash register will be developed and implemented within the next 60-days.

KP Hole Park is in the process of transitioning to Tyler Cashiering as a temporary POS system due to the County ending its contract with Paymentus in May 2025. During this transitional time, leadership at KP Hole will determine the appropriate thresholds for the use of the “no sale” function and incorporate those standards into the necessary SOPs and/or P&Ps that are being developed as a result of this audit report.

Implementation Status: Not Yet Implemented.

Implementation Target Date: July 1, 2025.

7. Shared Passwords:

All of the employees at KP Hole shared the same login credential to access both the POS terminals and Paymentus.

Sharing a credential reduces accountability and increases the risk of breaches, potentially leading to unauthorized access.

Management explained that because of the number of visitors at KP Hole, it was not operationally feasible to log in and out every time a cashier changed; therefore, it was necessary to use a single login account and share its password to minimize the customers' waiting time.

Management Response: Agreed with Reservations. Upon the implementation of Tyler Cashiering in May 2025, department staff will be able to utilize unique passwords for each employee, who is assigned a unique batch number each day in Tyler Cashiering. KP Hole will increase the number of cash registers kept in the safe at KP Hole so that each cashier had their own register that correlates with their batch. Tyler cashiering allows staff members to sign out and later resume their batch as necessary or close it at the end of the day. This solution requires a cash register for up to four full-time employees and eight seasonal staff. Training for this change is being performed in cooperation with the IT department.

Implementation Status: Implementation in Progress.

Implementation Target Date: June 12, 2025.

8. Unmodified Safe Combination:

The safe combination is not changed after a full-time employee is terminated or resigns. (This observation is discussed further in Observation 6)

Management Response: Agreed. The combination for the safe at KP Hole Park was updated on March 26, 2025. Additionally, the department purchased new safes for the other operational areas that will allow for the regular updating of combination codes. The safes were delivered the week of April 21st. The department's policies and procedures will be updated with an improved process for regularly updating combination codes throughout the year and upon the departure of full-time staff.

Implementation Status: Implementation in Progress.

Implementation Target Date: June 1, 2025.

9. Non-Inventoried Goods:

The merchandise for sale is not being inventoried.

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Management explained that the current system in place did not have the capability to track inventory and that a practice of inventorying the merchandise was not in place when the Park Ranger took the position and it continued.

The lack of internal controls results in financial discrepancies, higher risk of fraud, theft, unauthorized access to cash, and inaccurate reporting. Issues like untracked voids, shared login credentials, and unverified adjustments compromise accountability and security. Additionally, not tracking inventory and failing to change the safe combination leave the organization vulnerable to theft.

Internal Control Criteria Based on Best Practices:

1. Accurate transaction recording is the backbone of financial integrity for businesses and organizations. It ensures that financial statements reflect a true and fair view of the entity's economic activities.
2. Analysis of Z reports is essential to ensure accuracy in financial reporting and operational integrity.
3. Manual manipulations of data are inherently prone to errors, data loss, and inconsistency.
4. Segregation of duties should be implemented to ensure that no employee has full control over a process unless there are compensating controls in place. Void transaction policies should be created and implemented, and transaction voids should be approved by a supervisor and adequately documented, including justification.
5. Consecutive numbering of Z reports should be accounted for accuracy, completeness, and authorization of transactions.
6. Tracking "No Sale" transactions is a control for fraud prevention, operational accountability, financial accuracy, and audit trail among others.
7. Unique access credentials and authentication enhances accountability and system control to protect access to critical systems.
8. Changing the safe combination regularly prevents unauthorized access and mitigates the security risk.
9. Accurate control of inventory should be maintained with periodic reconciliations.

We recommend that the Management evaluate the internal control weaknesses and establish effective controls to mitigate the associated risks.

Management Response: Agreed. Procurement and launch of new POS system should be completed within the next two years. KP Hole Park is switching to Tyler Cashiering May 2025 until a new POS system can be procured. We are not sure at this time if Tyler Cashiering allows for items to be inventoried but will be working with the IT department to determine if that is an option. This is an additional item that staff will take into consideration when selecting a new POS system.

Implementation Status: Not Yet Implemented.

Implementation Target Date: May 1, 2027.

OPPORTUNITIES FOR IMPROVEMENT

Observation 3 – Ensuring all the departmental employees signed Acknowledgment of Cash Handling P&Ps increases assurance that the employees are knowledgeable of the P&Ps.

According to the Departmental P&Ps Manual, Section C3 - Cash Handling, "any employee who accepts payments, whether by cash, check or credit card, processes deposit transmittals, collates cash, etc. should be knowledgeable of both Administrative Policy 17-03 Cash Management and this Department's P&Ps and is expected to adhere to those policies at all times." This acknowledgement is documented by the employee completing the Employee Acknowledgement of Cash Handling P&Ps Form.

Management informed us that they require all employees to complete an Employee Acknowledgement of Cash Handling P&Ps Form, whether or not their duties include cash handling.

We found that out of a total of 52 employees, 34 had cash handling responsibilities, while 18 did not. Our testing resulted in the following:

1. 10 out of 34 employees (or 30%), with cash handling responsibilities, had forms that were either incomplete or missing as follows:
 - a. One (1) form contained a missing signature.
 - b. Three (3) forms were not dated.
 - c. For six (6) employees, Management could not locate an Employee Acknowledgement of Cash Handling P&Ps Form.
2. Six (6) out of 18 employees (or 33%), with no cash handling duties, had forms that were either incomplete or missing as follows:
 - a. Five (5) forms were not dated.
 - b. One (1) form was missing.

Management indicated that these findings have arisen from lack of follow-through and process monitoring.

Incomplete or missing Employee Acknowledgement of Cash Handling P&Ps Forms may lead to compliance issues, lack of accountability, and an increased risk of errors in cash handling.

We recommend that Management ensure that each employee completes the Employee Acknowledgement of Cash Handling P&Ps form and maintain the documentation on file.

Management Response: Agreed. Staff have incorporated the completion of this acknowledgement form into the department's internal tracking system for training and education. Formatting in Excel will remind staff that an annual renewal of this acknowledgement is approaching.

Additionally, department staff will research the County's training platform Vector Solutions to determine if there is a better process for providing departmental training to all staff on an annual basis.

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Implementation Status: Implementation in Progress.

Implementation Target Date: November 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 4 – Ensuring compliance with Cash Handling P&Ps reduces the risk of mishandling cash.

Through interviews and observations at select parks and Parks Administration, we noted several occasions that the Parks employees did not follow or were unaware of the Departmental P&Ps regarding Cash Handling and Fees or the Administrative Policy 17-03, Cash Management Policy. There were a total of 12 P&P components for which there was non-compliance, 11 of which pertained to the departmental P&P's and one (1) related to the Administrative Policy 17-03, which are detailed below.

The departmental P&Ps Manual states that “[a]ny employee who accepts payments, whether by cash, check or credit card, processes deposit transmittals, collates cash, etc. should be knowledgeable of both Administrative Policy 17-03 - Cash Management and this Department's P&Ps and is expected to adhere to those policies at all times.”

Management explained that the failure to comply with the Departmental P&Ps and the County's Cash Management Policy was due to a lack of communication from the Parks Senior Management to the Field Staff.

Non-compliance of established P&Ps relating to cash handling/management processes weakens internal controls and can potentially lead to fraudulent or erroneous activity.

We recommend that Management train the employees so that they are aware of the requirements and monitor periodically to ensure compliance.

List of non-compliance

Section C3 of Departmental P&Ps - Cash Handling:

1. Purpose: “The purpose of this section is to provide employees with a clear understanding of County and Departmental cash handling policies and procedures.”
 - At Carney Island, two full-time employees who accept payments from customers and count and collate monies were unaware of both P&Ps.
2. Subsection 2.3: “Any notes of \$20 or higher should be checked with the Counterfeit Detector Pen. If any money is found to be counterfeit, staff are to immediately report the incident to the Finance Department.”
 - At KP Hole, the employees checked bills of \$50 or greater for counterfeit.
3. Subsection 2.4: “When accepting checks in person, review the check to make sure it is made out to Marion County Board of County Commissioners, that a numerical amount matches the legal line, and the check has the owner’s information including name, address, and phone number. Whoever is providing the check, owner or presenter, must include their driver’s license as well.”

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- At KP Hole, they did not request driver's license information. KP Hole's Park Ranger's justification was because KP Hole accepted business checks only.
4. Subsection 3.1.1: "Money that is collected from HBs must immediately either be brought to the appropriate location for counting or locked in a safe. Any location where a safe is located and/or is used for counting shall have operational surveillance cameras that focus on the area where the money is being counted."
- At the Park's Administrative building, there is no camera where a safe is located or over the counting area.
5. Subsection 3.1.2: "Park Rangers are allowed to retrieve money from HBs without a second person present for the purposes of verifying payment of daily entry fees. The money must be placed back in the HB and the inspection must be noted in the Park Ranger's daily log."
- At Carney Island, the Park Ranger did not inspect the HB because he did not feel comfortable doing so and retrieving the monies by himself. Instead, he stated that he checks if a customer has paid the entrance fee by looking for the receipt which is required to be located on the car's dashboard. If the customer has not paid, he gives them a verbal warning and eventually a written warning slip if the visitor does not comply.
 - At Gore's Landing, the Park Ranger was unaware that he was to maintain a log to document his monitoring of the HB until he re-read the P&Ps.
6. Subsection 3.3: "Seasonal employees are permitted to participate in the collection of money either by working in a pay booth or by assisting a permanent staff member with retrieving money from the HBs. Only permanent employees are permitted to count/collate money. Under no circumstances should a seasonal employee be allowed to assist with the counting/collating of money."
- At KP Hole, they have one (1) seasonal employee who collected payments from customers as a cashier who was not aware of the County's and Departmental P&Ps related to cash handling. The Park Ranger stated that seasonal employees are not made aware of these policies as they do not collate or count money.
 - At Carney Island, seasonal employees were counting and collating monies for approximately six (6) years until the Park Ranger realized this was not allowed after referring back to the P&Ps. As of Summer 2024, seasonal employees do not perform these duties. According to the Park Ranger, seasonal employees are not made aware of P&Ps.

7. Subsection 7.1:

“Transportation of Locked Bags... Hand delivering money of any sort (regardless of it being in a locked deposit bag) directly to the Finance Department is generally prohibited.”

- At Carney Island, one (1) full-time employee and the Park Ranger were unaware of this P&P component.

“If a situation arises where a deposit bag is not collected by the courier, through the error of Department staff, the responsible staff member shall immediately call the Finance Department and make them aware. Staff at the Finance Department will determine the appropriate action to take, including hand delivering the deposit bag. It should be understood that this is an exception to standard operating procedures and is only allowed when deemed necessary by the Finance Department.”

- At Carney Island, the Park Ranger stated that he was unaware of this P&P component.

8. Subsection 7.2: “Administrative Office... Both staff members will sign the clear plastic deposit bag that the money and transmittal are stored in, label the bag “Parks,” and write the date before sealing the deposit bag and securing it inside the lock-bag.”

- At the Park's Administrative building, two employees counted money, but only one (1) employee signed a clear plastic deposit bag. The Administrative employees were not aware of the requirement.

9. Subsection 7.4: “Operations... Both the money and the transmittal form shall be placed in a lock-bag.”

- At the administrative building, the money and transmittal were stored in an unlocked bag, then placed inside a locked safe.

Section D1 of Departmental P&Ps - Fees:

10. “Fees Resolutions... Every staff member should read the Fees Resolutions and be familiar with how they apply to this Department.”

11. Subsection 2.1: “... The Parks & Recreation Fees Resolutions, currently entitled 22-R-132, is reviewed annually...”

- At Carney Island, two full-time employees were unaware of these two (2) P&P components.

County's Administrative Policy 17-03 - Cash Management:

12. Section 3-G: "When cash, check, or credit card payments are received, staff shall provide the individual making the payment a receipt..."

- At the Park's Administrative building, not everyone received a receipt. A manual receipt was given when it involved caretaker lease rental payments, when the lessees paid in cash, or when a receipt was requested. The Park's Administration also provided receipts for services not processed through their registration system such as player fees or tree mitigation.
- At KP Hole, cashiers only provided a receipt to customers upon request.

Management Response: Agreed. Staff are developing an annual training program to include the Administrative and departmental policies and procedures related to cash handling. Additionally, the department is enhancing its onboarding process to include this training before the new staff member begins handling any form of tender.

Staff have incorporated the completion of this acknowledgement form into the department's internal tracking system for training and education. Formatting in Excel will remind staff that an annual renewal of this acknowledgement is approaching.

Implementation Status: Not Yet Implemented.

Implementation Target Date: November 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 5 – Keeping cash drawers infrequently used without monitoring will increase risk of theft and reduces accountability.

We learned two of the four cash drawers at the Carney Island Park were rarely used when we performed an unannounced cash count.

1. The "Concession Box" functions as a change fund for other drawers and maintains \$200. The last time it was used was on April 27, 2024.
2. The "Hampton Box" contained \$75 and is used to store payments received at Hampton Beach. The last transaction occurred on June 9, 2022.

According to the Park Ranger, there was prior talk of returning the Concession and Hampton Beach boxes to the Finance Department; however, there was no actual follow-through.

We note that we found no discrepancies in three (3) of the four (4) cash drawers we tested but found \$1 was short in one drawer.

The best cash management practice is to maintain sufficient cash for the operational need but not excessive and to perform periodic cash counts.

Management explained that this observation resulted from a lack of follow-through on returning the Hampton Beach cash fund and that maintaining the additional \$200 change fund may be operationally necessary to prepare for the increase in visitors during the peak season.

The lack of regular use and verification of these cash drawers can increase the risk of fraud, theft, and lead to inefficient use of resources.

We recommend that Management:

1. Consider the risk and determine the sufficient amount and return any excess to the Finance Department.
2. Create a process to verify the cash on hand periodically.

Management Response: Agreed. The unused cash drawers at Carney Island were returned to the Finance Department on April 15, 2025.

Implementation Status: Implemented.

OPPORTUNITIES FOR IMPROVEMENT

Observation 6 – Changing the safe’s combination periodically can reduce the risks of cash mishandling, unauthorized access, and theft.

We found that the Management did not change the combination to the safe when an employee who knew the combination left his/her respective position. The Parks Director stated that seasonal employees do not have access to the safes, only full-time employees.

Additionally, according to the Park Ranger, KP Hole has never changed its safe combination during her tenure.

Since the safes are used to store revenue collected from the parks’ operations before being sent to Finance, periodically changing the combinations, especially whenever there is a change in personnel with access to the safe, ensures that only authorized individuals have access and helps reduce the risk of potentially fraudulent activities.

Management stated that the safe combination was not modified when a full-time employee departs because they were unaware that it was a best practice approach.

Failing to change the combination to a safe when the employees with the knowledge no longer require access creates a security risk. Former employees retaining access increases the risk of unauthorized entries or theft.

We recommend that Management implement a policy to change the safe combination periodically and whenever an employee with access departs to minimize the risk of unauthorized access.

Management Response: Agreed. The department ordered new combination safes which were delivered the week of April 21, 2025. A written policy will be established to improve the process for regularly updating the safe combination codes throughout the year and upon the departure of a full-time staff member.

Implementation Status: Implementation in Progress.

Implementation Target Date: June 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 7 – Clarification of the background check standards on employee transfers will assist HR and the hiring department to make an informed decision and consistent application of the standards.

We found that HR did not consistently perform a background check when an employee applied to transfer to Parks with cash handling duties from an unrelated position. As Parks Department handles a considerable amount of cash from the Parks' entrance fees, the eligibility for such position requires consideration for the suitability and risk.

Upon inquiries, we later found that performing a background check on a transfer is an understood protocol of HR, but not a written procedure. Furthermore, the Level 1 standards were not held.

The HR Coordinator's Standard Operation Procedures stated that "Most new hires require a Level 1 (standard) background check", but the Standard Operating Procedures was silent on the requirement for transfers. The "Level 1" background check refers to the Florida Statutes 435.03 Level 1 screening standards which discusses exclusions from being hired for applicants who have committed specific offenses and how exceptions can be managed.

We learned that HR management had a different understanding of the "Level 1" requirement from the exact terms stipulated in the Florida Statutes and was not aware that the statute did not have any limitations on the lapse of the time of the crimes committed (the background check results from a contracted vendor return the history of the last seven (7) years only) or that there were specific conditions to make exceptions.

The County's HR practice on transfers is to update a background check only if the transferring employee changes their employment status (e.g. transferring from a Level 1 position to a Level 2 position). Currently, transfers within the same level do not require updated background checks.

Without an updated background check, it risks a transfer of employee(s) with an incompatible background history, not complying with the statutes fully, and the hiring department may not make an informed decision.

We note that whether the County has an obligation to comply with the said Florida Statutes was outside of the audit scope.

We recommend that HR management:

1. Perform updated background checks on transferring employees to verify their compatibility with the applied positions.
2. Evaluate if the County is required to follow the Florida statutes 435.03 and clarify the County's hiring criteria.

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Management Response: Agreed. Administrative Policies will be revised to clarify the County's hiring policy. Internal Standard Operating Procedures will be updated in accordance with the updated Administrative Policies and Employee Handbook to specify which positions require a Level II background screen. Upon notification of an internal employee's transfer or promotion, the background screen will be reviewed to ensure the internal employee is eligible for the proposed position change.

Implementation Status: Implementation in Progress.

Target Implementation Date: July 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 8 – Lack of P&Ps in place for voiding transactions, no supervisory approval, and employees voiding their own transactions increase the potential for unauthorized adjustments.

Through questionnaires and testing of void transactions at Parks Administration, Carney Island, and KP Hole, we found that Parks does not have either P&Ps related to voiding transactions or practice of secondary reviews at Parks Administration or KP Hole.

Among the three locations we tested, we found that KP Hole lacked a supervisory review and approval process for voiding transactions. Full-time employees can void their own transactions. There are no compensating controls in place.

At Carney Island, seasonal employees typically operate a cash register during the operational hours. They do not have access to the manager key required to void a transaction and are required to ask a full-time employee to complete the void. Full-time employees are considered direct supervisors to the seasonal staff. A copy of the void is attached to the transmittal and the Park Ranger reviews the documentation and signs off on the paperwork. If the Park Ranger has a question regarding a void, he will inquire further from both the seasonal and full-time employees. If a full-time employee is operating the cash register, an employee deemed as the lead staff will perform the void.

At Parks Administration, although they did not have evidence of supervisory review and approval coupled with full-time employees voiding their own transactions, they documented a reason for void transactions with an audit trail from the original to the voided to the replacement transaction. Management explained that the Tyler Parks and Recreation system was originally set up for Management to approve voids. However, the only way to accomplish this was for Management to physically approve the void by remoting into the employee's computer and entering the password. This process proved to be inefficient for managing voids. A high level of trust in the employees had been established and, as a result, Management felt comfortable to allow employees to void their own transactions. Furthermore, they indicated that the absence of P&Ps for voiding transactions is a result of oversight, communication gaps, and lack of follow-through.

Given the nature of money handling, supervisory review to void cash transactions is essential, unless there are adequate compensating controls, to prevent fraud and to ensure accountability within financial operations. P&Ps outline the types of voiding transactions permitted, identifies who is responsible for performing them, and specifies who is required to conduct periodic reviews.

The lack of a clear void P&Ps and supervisory approval, along with the ability for full-time employees to void their own transactions increases the risk of unauthorized voids. Unauthorized voids could lead to manipulation of transactions or other forms of misconduct. Additionally, without proper supervisor review, there may be a lack of accountability, leading to errors and unauthorized voids going unnoticed which could negatively impact revenues.

Revenue Control Review of Parks Operations-Parks and Recreation Department

We recommend that Management consider the risk and creates a P&P that provides guidelines for voiding transactions and ensure that all staff involved in cash handling are properly trained.

Management Response: Agreed. A written policy and procedure regarding voids under the current conditions, with the addition of verbal supervisory approval. Department staff will work with the IT department to determine whether or not the notes section under a void in Tyler Cashiering can be updated.

Voids at the Parks & Recreation Administrative office are typically performed to correct an error made in a transaction when there is no other way to make the correction or to accommodate a change requested by the customer. An example of this includes a customer wanting to change their pavilion rental to a pavilion that is less expensive, change a daily cabin rental to an overnight rental, or they call back the same day and want to cancel a reservation/registration. The void is performed through Tyler Cashiering, which creates two lines: one for the original transaction, one for the void. There are very limited options in the notes section within the Tyler Cashiering void process, but staff are working with the IT department to determine if additional notes can be added. These voids also show up in the transaction history of the customer's account along with their corrective transaction. A supervisor would need to physically key in an approval code on the employee's screen to approve the transaction, which was quickly proven to be highly inefficient. If a supervisor were not available to perform this action, the void could not be performed and potentially not happen in the time frame (same day) required.

Administrative staff agree there should be policies and procedures in place for performing voids, including a threshold of what is considered an acceptable amount of voids in a single day. Currently, front office staff perform no more than 2 - 3 voids each in a given day, with many days requiring 0 voids, which department staff believe is an appropriate number of voids. Staff will continue to research their options, which may include a verbal approval along with enhanced notes in the customer's account.

Implementation Status: Not Yet Implemented.

Target Implementation Date: August 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 9 – Discrepancy between the collected and reported State sales tax rates leads to non-compliance with the FDOR.

Due to a rounding method prescribed by the FDOR, the actual sales tax collected on individual transactions are often not exactly at 7.00%, Marion County's sales tax rate (i.e. 7% of \$84.06 is \$5.8842 but rounded to \$5.88, making the effective sales tax rate 6.995%. Conversely, 7% of \$21.51 is \$1.5057 but rounded to \$1.51, making the effective tax rate 7.002%). FDOR understands such small variances are inevitable and allows 1% variance between the 7% calculated on the taxable sales and actual sales tax collected.

We found that the Finance Department recalculated the sales tax amount at 7% based on the daily taxable sales total and remitted the recalculated amount to FDOR, not the actual sales tax collected, because the variance exceeded the allowable 1%. Any difference resulting from the recalculation was allocated to the cash over/short account. While the differences may be small, the County, as the custodian of the sales tax collected, has an obligation to submit the entire amount to the FDOR.

Our analysis of the Z tapes from Carney Island indicated the sales tax rates ranged between 7.022% to 7.026%, which exceeded the 1% allowance and can be the leading cause of Finance needing to adjust the sales tax amount (See Observation #10 for further discussion).

"Business Owner's Guide for the Major Florida Taxes" issued by the FDOR states "[s]ales tax and surtax collected by your business become State funds at the time of collection. You serve as a custodian of these funds until you remit them to the [FDOR]."

The Finance Department had to either adjust the taxable sales or the sales tax collected to keep the variance within the allowable 1% in order to report and remit the sales tax. The FDOR sales tax remittance portal systemically rejects the variance larger than 1%. Finance opted to adjust the sales tax amount to 7% of the daily total of the taxable sales.

Failing to report the correct collected tax amount to the State of Florida can lead to financial penalties as well as legal consequences and increased liability for the underpaid taxes.

We recommend that the Finance Department revise the procedure to ensure that the tax reported to the FDOR reflects the actual tax collected.

(Update: Finance has rectified this issue by adjusting the reported revenues to align with the respective collected State sales taxes.)

Management Response: Agreed.

Implementation Status: Implemented.

OPPORTUNITIES FOR IMPROVEMENT

Observation 10 – An incorrectly configured cash register leads to collecting inaccurate sales tax amounts and increases risks of the County to be out of compliance in tax reporting.

We found that Carney Island's effective sales tax rates of the daily total fell between 7.022% and 7.026%, variances larger than expected. If the sales tax was rounded in the third decimal place on each transaction as prescribed by the FDOR, the variance should be approximately a tenth of the current average effective rate. Such large variances indicate the cash registers at Carney Island have incorrect configuration.

We note that our analysis of the KP Hole POS averaged 7.002%, which we confirmed to have the correct configuration.

The FDOR ruled that "[t]he tax computation must be carried to the third decimal place and rounded up to the next whole cent when the third decimal place is greater than 4".

According to Management, the elevated collected sales tax rates could have been attributed to a programming error made within the cash register.

The FDOR's reporting site systemically rejects the variance larger than 1% of what it should be. This caused Finance to report the recalculated sales tax amount and not the actual sales tax collected. This practice, based on the FDOR's Rules, is incorrect as the sales tax collected is considered State funds at the time of collection.

We recommend that the configuration of the cash register at Carney Island be evaluated and corrected promptly.

Management Response: Agreed. Staff at Carney Island were able to update the configuration of how the taxes are calculated in the cash register and updated those settings on March 14, 2025.

Implementation Status: Implemented.

OPPORTUNITIES FOR IMPROVEMENT

Observation 11 – Using surveillance cameras to monitor HBs may minimize the risk of revenue loss and property damage.

We found that none of the six (6) parks with HB payment systems had surveillance cameras monitoring the boxes. HB is a trust-based self-service payment box where visitors can pay for the use of the facilities and/or overnight camping by dropping the fees in the Parks-provided envelopes. The total collected by HB in FY 2024, excluding Carney Island, was \$120,402.80. The employees of Carney Island collect the fees on the holidays and during their peak season of May through September on weekends. Carney Island's revenues from the HB and the cash registers combined for the same FY totaled \$131,396.44.

The Park Operations Manager stated that the HB locations remain unmonitored due to insufficient infrastructure and budget constraints.

Since much of the six (6) park's revenues listed comes from the Honor Boxes, the absence of surveillance cameras increases the risk of theft and vandalism.

Management stated that the issue is not solely a matter of cost but rather a complex process requiring coordination with the Information Technology Department. This is because the equipment must meet Information Technology's specifications and requirements according to County Policy 27.0, including the type of camera, the location of the recordings, the duration for which data will be stored, and the installation of appropriate signage to inform the public about the on-site surveillance.

We recommend that Management consider the risk, cost, and benefits of installing weather-resistant outdoor cameras over the HB.

Management Response: Agreed with Reservations. Department staff agree surveillance cameras may minimize the risk of loss at honor boxes. However, the lack of infrastructure at our various parks, lack of capital and operational funding necessary to complete and maintain such a project and the currently unknown time frame associated with a project of this undertaking creates too many variables to provide a time frame for implementation.

Additionally, it is the department's long term goal to transition to cashless park entry fee payments through automated gates and teller systems.

Implementation Status: Not Yet Implemented.

Implementation Target Date: The estimated time frame to start this project is unknown at the time of this audit report.

OPPORTUNITIES FOR IMPROVEMENT

Observation 12 – Ensuring that park fees signages are updated helps the visitors and avoids revenue loss.

Parks operates six (6) parks where an entrance fee is charged. According to Resolution No. 22-R-132, adopted on April 5, 2022, the Park Daily Entry Fee increased to \$ 7.00 per vehicle, with a maximum of eight (8) persons per vehicle. Any passengers in excess of eight (8) will pay \$ 2.00 per person. The entry fee permits a vehicle, boat, trailer, and up to eight (8) passengers to enjoy the park for a period of 24 hours, excluding KP Hole.

We found the signage for the entrance fees at Gores Landing was outdated and did not reflect the park's current fees in effect. The Park Ranger mentioned that visitors learn about the updated prices through "word of mouth" and pay the correct amount.

Management explained that the outdated signage was due to a lack of communication between Parks Senior Management and the Field Staff to have the sign updated.

Not updating the signage with the correct fees in effect will negatively impact revenue collections and may make the enforcement difficult and frustrating among the visitors. We recommend that Management update the entrance fee sign at Gores Landing to reflect the current fees and ensure that all other parks also have the correct signage.

(Update: The Park Ranger informed us that Gore's Landing sign has since been corrected to reflect the current entrance fee.)

Management Response: Agreed.

Implementation Status: Implemented.

OPPORTUNITIES FOR IMPROVEMENT

Observation 13 – Inclusion of the property lease payments in the Fee Revenue account is a misclassification and leads to inaccurate financial reporting.

The Marion County leases properties located on park grounds for nominal rent in exchange for certain duties, such as park maintenance and security.

During our testing, we found that lease payments from those properties were recorded under the "Fee Revenue" Account 347200, which is reserved for operating revenue, the fees incurred by the park users. The lease payments from the County-owned properties are non-operating revenue and should not be commingled, leading to a misclassification of revenues.

It is important to ensure each revenue source is accurately recorded and classified, which will lead to accurate financial reporting.

Management stated that due to a lack of awareness regarding the appropriate revenue account for recording the lease payments, coupled with insufficient communication between the Parks Administration and the Finance Department, resulted in these payments being incorrectly recorded under the Fee Revenue Account.

The misclassification of residential rental payments as user fees results in inaccurate revenue reporting.

We recommend that Management train their staff to record such lease payments correctly to the newly created "Rent-County Owned Property" Account 362010 and modify the transmittal currently in use to reflect this account.

Additionally, Management should verify that rental payments from August 2024 forward were properly recorded under this account.

(Update: After consulting with the Finance Department, a new account titled "Rent-County Owned Property" (Account 362010) was created, and the lease income from October 2023 to July 2024 to this account and was reclassified. The Finance Department also confirmed they would instruct Parks to update their transmittal sheet to reflect this new account for future payments.)

Management Response: Agreed.

Implementation Status: Implemented.

OPPORTUNITIES FOR IMPROVEMENT

Observation 14 – Uncollected lease late fees may entice tenants to remit late payments, and an unexecuted lease may create a risk of disputes, non-compliance, and difficulty in enforcing agreed upon terms.

Marion County owns five (5) properties which were leased out and located on five (5) different park grounds. The lessees were referred to as "caretakers." These leases involved inexpensive monthly rent in exchange for performing certain duties around the park such as maintaining the park in good condition, advising park visitors of the hours of operation, and providing security services among other responsibilities.

Three (3) out the five (5) leases stipulated:

- The rental payment was due by the 1st of the month with a 5-day grace period.
- Automatic lease renewal.
- A late fee clause.

One (1) lease stipulated:

- The rental payment was due by the 1st of the month with no grace period.
- No automatic renewal.
- No late fee clause.

The remaining one (1) lease stipulated:

- The rental payment was due by the 10th of the month with a 5-day grace period.
- Automatic lease renewal.
- A late fee clause.

We tested the 2023 caretaker payments to determine: (1) all the rental payments were received; and (2) they were submitted timely. We found the following:

- All five (5) caretakers (or 100%) submitted their rental payments, but not all payments were timely.
- Three (3) out of five (5), or 60%, of the caretakers had paid the rent late outside of the stipulated 5-day grace period, resulting in a total of 31 occurrences with the 12-month period we sampled.
- Parks never charged late fees to the applicable lessees as stipulated in the leases.
- We also found one (1) of the leases had been drafted but not executed though the rent has been collected and treated as if the lease was active.

Parks' "Standard Lease & Caretaker Agreement" clause 5 states that "Late Fees: In addition to Rent, Lessees shall pay a late fee in the amount of \$50 for each Rental payment made later than five (5) days after the due date. This late fee shall be deemed by the parties to be additional Rent for the month in which the Rent is past due. LESSOR shall apply all Rent or other monies received, first to any past due late fee, then to past due Rent, then to current late fee, then to current Rent. This Lease shall not be modified by any notation on rental checks."

Management explained that they did not collect the late fees for rent payments due to a mix of factors including Parks' desire to be flexible with the tenants who are law enforcement officers and lack of training for the front office staff on how to handle lease payments.

Not collecting late fees may entice tenants to remit late payments without any consequence and make it difficult to collect rent on a timely basis.

Management Response: Agreed.

Implementation Status: Implemented.

Regarding the unexecuted lease, Management was unaware that the lease had not been executed until we brought up this finding. Legality of failure to execute is beyond the scope of the audit; however, it may create a risk of disputes, non-compliance, and difficulty in enforcing agreed upon terms.

We recommend the following to Management:

1. Enforce the contract and collect late fees as stipulated in the contract.
2. If the parties agree to enter into a written lease agreement, in consultation with legal counsel, ensure that the agreement is properly executed and otherwise complies with all applicable legal requirements.

Management Response: Agreed. The tenant under unexecuted "grazing" lease agreement vacated property January 2025.

At the time of staff reviewing the draft audit report, all but one Caretaker Lease Agreement (Rotary Sportsplex) has been executed and staff plan to complete that final agreement within the next 90 days.

Caretaker Lease Agreements that include a rental/lease fee were updated in 2024 to specify a 15 day grace period with a \$50 late fee. Staff are now tracking the date payments were received and will issue a late fee notice and/or invoice as necessary.

Department staff are utilizing automations through Excel to track when a tenant needs to be notified or issued an invoice for a late payment. Additionally, staff keep records of any late payments made to correlate with late fee invoices. Staff have also started utilizing features in Monday.com to further explore automating this process.

It should be noted that the department sent the caretakers a notice that upon the execution of their newest lease agreements, the department would be enforcing the late fee as necessary. In that time, staff have had to collect a late fee only one time.

Implementation Status: Implementation in Progress.

Implementation Target Date: August 1, 2025.

OPPORTUNITIES FOR IMPROVEMENT

Observation 15 – Maintaining the Tax Collector's Annual Park Pass Forms serves as supportive documentation to verify the sales information.

We could not verify the accuracy of the information in the Tyler Membership Report, which lists customers holding Annual Park Passes sold at the Tax Collector's office, generated by Parks' administrative staff. Parks reconciles the sales transactions report against the original Annual Pass Forms, which contain customer information provided by the Tax Collector's office to Parks Administration.

The administrative staff was unable to provide the original Annual Pass Forms as they were shredded after the data were entered into the Tyler Parks and Recreation system due to the presence of sensitive information, such as driver's licenses, names, and addresses.

The Annual Pass Forms serve the purpose of supporting documents of each Parks Pass sales transaction. The best practice would be to securely retain the Annual Pass Forms for a set period in hard copy or in digital format for future verification if needed.

Management explained that they shredded these forms to protect sensitive personal information contained within the forms.

Shredding sales-related source documents makes it difficult to verify the accuracy of sales transactions, which can lead to the risk of data discrepancies whether by errors or fraud.

We recommend that Management maintain the Annual Park Pass Forms, either digitally or physically, and redact any sensitive information.

Management Response: Agreed. Staff have started storing hard copy of yellow receipts from the Tax Collectors office in the Administrative Services Coordinator's office. Staff will ensure records retention requirements have been met prior to destroying these records.

The Parks & Recreation front office experienced a period turn over and promotions for an extended period of time. During this transitional time, a previous staff member had trained new staff incorrectly regarding the storage and disposal of these records. Additional staff members have been trained on the subject of records retention requirements to avoid potential mistakes moving forward. This will also be reflected in front office SOPs.

Implementation Status: Implemented.

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