



Manatee County

R.B. "Chips" Shore

Clerk of the Circuit Court and Comptroller

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INTERNAL AUDIT DEPARTMENT

NATURAL RESOURCES DEPARTMENT

CASH CONTROLS AUDIT

AUDIT REPORT

AS OF FEBRUARY 29, 2012

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

NATURAL RESOURCES DEPARTMENT
CASH CONTROLS LIMITED SCOPE AUDIT

A U D I T R E P O R T

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INTERNAL AUDIT DEPARTMENT

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CASH CONTROLS LIMITED SCOPE AUDIT

A U D I T R E P O R T

The Internal Audit Department conducted a limited scope audit of Natural Resources Department's Cash Controls for the period of March 1, 2011 through February 29, 2012. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards* issued by the Comptroller General of the United States, and the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

BACKGROUND:

The purpose of the Natural Resources Department is to conserve and protect the natural resources of Manatee County. The Department manages and maintains over 29,000 acres contained in 17 public preserves in the County. As part of their management of the preserves, the Department offers many passive recreational opportunities for citizens and visitors of Manatee County. Several of these recreational opportunities, such as wagon rides, camping, hunting, and facility rentals, are fee-based. The fee schedule for these activities and rentals is approved by the Board of County Commissioners through a resolution. Currently, money is being collected at three preserves, Duette, Robinson, and Rye, and at the Administrative Offices.

PURPOSE/OBJECTIVES:

The main audit purpose/objectives included, but were not limited to, the following:

- Verify that the Natural Resources Department is in compliance with local ordinances and resolutions with regards to the cash collections.
- Determine whether cash and checks are being properly handled to safeguard them from loss or misappropriation.

SCOPE:

The scope of the audit was limited to cash and check collections from March 1, 2011 through February 29, 2012.

METHODOLOGY:

Internal control evaluations and tests of compliance were accomplished through discussions with management and staff, as well as substantive testing of individual controls. Risk analysis was used to establish the priorities of the audit objectives.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

No indications of irregularities, abuse, or illegal acts were discovered during the audit of the Natural Resources Department's Cash Controls for the period ending February 29, 2012.

TEST OF COMPLIANCE:

Internal Audit tested compliance with certain laws, regulations, and the Department's Policies and Procedures. Tests performed were limited to the specific areas included in the Purpose/Objective section of this report and appeared to provide sufficient evidence to support an opinion on compliance and internal controls for the areas tested. The results of these tests are included in this audit report.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the Natural Resources Department's Cash Controls for the period ended February 29, 2012, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. Internal control weaknesses involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. In this report, we did not note any matters involving significant internal control weaknesses.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be given for each Area for Improvement. Management Action Plans are corrective actions with implementation dates developed in cooperation with the Natural Resources Department's management team and the Internal Audit Department. The Natural Resources Department management team included Charlie Hunsicker, Director; Jayne Souders, Senior Fiscal Analyst; Melissa Nell, Volunteer/Education Division Manager; Max Dersch, Resource Management Division Manager; Johnny McLeod, Resource Management Superintendent; Pat Hennen, Administrative Services Coordinator; and Kelli Polanski, Administrative Specialist.

MANAGEMENT SUMMARY:

A limited scope audit was requested by the Natural Resources Department Director to ensure that cash controls for the department were adequate. The audit was limited to reviewing money received from the kayak rentals and wagon tours at Robinson Preserve;

the camping rentals at Rye Preserve; the hunting program, camping rentals, and entrance fees at Duette Preserve; the facility rentals for all preserves; and donations.

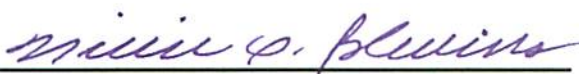
The audit identified the following areas where controls over cash handling could be improved:

- The fee schedule does not provide adequate detail to be able to apply fees consistently. In addition, some of the fees are not being charged properly. The Management Team through its Management Action Plan will revise the current fee schedule so that all fees can be consistently and properly applied. **(See Area for Improvement #1 at page 5.)**
- The documentation kept for the public wagon tours at Robinson Preserve lacks important information regarding changes made. In addition, the money collected is not being deposited timely. The Management Team through its Management Action Plan will remove the fee charged for the public wagon tours; thus nullifying the need for cash handling procedures. **(See Area for Improvement #2 at page 6.)**
- The forms used at Duette Preserve for the camping rentals and daily passes do not capture enough information to verify that the proper fees are paid, controls over the use of annual passes are not adequate to ensure only legitimate annual passholders enter the park, and the money collected is not being deposited timely. The Management Team through its Management Action Plan will revise the daily form for camping to capture the information necessary to calculate the fee. Management will also amend the fee schedule so that the daily pass is charged per vehicle, rather than per person. In addition, management will update the fee schedule and the policies and procedures for handling annual passes. Management will require that all money be deposited within 2 weeks of receipt. **(See Area for Improvement #3 at page 6.)**
- The money collected at Rye Preserve for camping rentals is not being deposited timely. The Management Team through its Management Action Plan will require money be deposited at least weekly. **(See Area for Improvement #4 at page 7.)**

The findings listed in this report were discussed with the Natural Resources Department Director, Charlie Hunsicker. Other minor audit findings were discussed and/or corrected during the audit. We would like to thank the Natural Resources Department's management and staff for the cooperation and courtesy afforded to our auditors throughout the audit. We appreciate the efforts and timeliness in addressing the issues raised during the audit and aggressively seeking solutions to these matters.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:



Millie Blevins, CPA, CFE
Director of Internal Audit



R. B. "Chips" Shore
Clerk of the Circuit Court & Comptroller

AREA FOR IMPROVEMENT #1Fee Schedule

The Natural Resources Department has a board-approved fee schedule for the fee-based activities on the preserves. During the audit, it was noted that some of the fees are not well defined requiring staff interpretation and resulting in inconsistencies with the amounts charged to customers. In addition, several instances were noted where others fees charged to customers did not agree to the approved fee schedule. Specifically, the following issues were found:

- The fee for the wagon tour at Robinson Preserve is different for children and adults; however, there is no definition of a "child" in the fee schedule, nor does it state whether infants are free.
- The daily entrance fee for Duette Preserve does not specify if the fee is to be applied per person, per adult, or per vehicle.
- The rental fee for camping at Rye Preserve covers a maximum of six people per site. However, staff confirmed that they occasionally make exceptions for a child that is included in a group of six, which is inconsistent with the fee schedule.
- The reservation time slots for facility rentals are from either 8AM until 1PM or 1PM until sunset. For 4, or 6.7%, of the 60 rentals reviewed, the customer reserved the pavilion for a time that spanned both of the time slots; however, the customers were only charged for 1 time slot. The fee schedule does not provide a rate for a rental that is less than a day, but does not fit into the pre-defined time slots.
- The fee schedule states that if the application for the facility rental is not received at least 2 weeks prior to the event, then a late fee will be applied. Of the 60 rentals tested, 26 had late applications. Of these 26 late applications, 25, or 96.2%, were not assessed the late fee.

Management Action Plan: Management in the process of revising the fee schedule as follows:

- The fee for the public wagon tours will be removed from the fee schedule;
- The daily entrance fee at Duette will be charged per vehicle;
- Children 12 and under will be excluded from the 6 person count for camping;
- Facility reservations will be for either 4 hours or all day with no pre-defined time slots; and
- The late fee for the facility reservations will be removed from the fee schedule.

The revised fee schedule will be submitted to the Board for approval. Management will also update any relevant brochures, forms, or websites to reflect the changes in the fee schedule. Completion is anticipated by September 30, 2012.

AREA FOR IMPROVEMENT #2Robinson Preserve Wagon Tours

The public wagon tours at Robinson Preserve are conducted on a first come, first served basis and are run by volunteers. In order to record the participants and to support total collections, a sign-in sheet is used. The volunteers, however, did not document the reasons that changes, such as a name being crossed out, were made to the sheet. As a result, 4 out of 24 tours tested, or 16.7%, had a change made on the sign-in sheet without explanation. In addition, the money collected from the wagon tours is not being deposited timely. For 18, or 75%, of the 24 tours tested, the money was deposited more than a week after the tour; some of the money was not deposited for more than a month after it was collected. Being that the majority of the collections are in cash, it is important to deposit the money as soon as possible to avoid loss or misappropriation.

Management Action Plan: As previously mentioned, management will remove the fee for the public wagon tours from the fee schedule. The supplemental income generated by the fees is not necessary to maintain the wagon tours, as the tours are being conducted by volunteers. Not having a fee will negate the need for cash handling controls at Robinson Preserve. Completion of the new fee schedule is anticipated by September 30, 2012.

AREA FOR IMPROVEMENT #3Duette Preserve Activities

There are three main revenue generating activities at Duette Preserve: hunting, camping, and visiting the park. For visiting the park, a customer can purchase either a daily pass or an annual pass. During testing, the following exceptions were noted:

- Due to a new form being used at Duette, proper collection of fees could not be determined for camping rentals and daily passes. The new form does not require the customer to provide adequate information, such as number of people in the party; thus, the fee collected could not be verified as correct per the current fee schedule.
- The controls over the uses of the annual passes appear to be lacking. For 28, or 7.8%, of the 359 visits tested, a customer entered the park as an annual passholder; however, that customer could not be found on the annual passholder list.
- Staff has allowed flexibility in the uses of the annual passes that are not officially authorized either in the fee schedule or in the policies and procedures. This included annual passholders being allowed to bring guests and also transfer passes to relatives. There were even a few instances where the customer could not be verified as an annual passholder, as staff did not put complete information on the log used to document daily activity and collections.

- The money collected at Duette is not being deposited timely. Of the 270 payments tested for the three activities, 36, or 13.3%, were not deposited within 16 days, which management believed was a reasonable amount of time due to the distance between Duette and the downtown office.

Management Action Plan: As previously mentioned, management will update the fee schedule to clarify that the fee for the daily pass will be charged per vehicle, rather than per person. Thus, capturing the number of people per party for the daily pass is no longer necessary. However, management will revise the form used by the customer for camping so that all information necessary to calculate the fee per the fee schedule is gathered. For the annual passes, management will update the fee schedule and the policies and procedures to allow passholders to bring guests. In addition, the annual passholder list will be put into electronic form and distributed to relevant personnel to ensure that a customer is a legitimate annual passholder before being allowed entrance into the park. Management will also require that all money collected be deposited within 2 weeks of receipt. Completion is anticipated by September 30, 2012.

AREA FOR IMPROVEMENT #4Deposit Timeliness for Rye Camping

The money collected at Rye Preserve for camping rentals is not being deposited timely. Of the 64 payments tested, 6, or 9.4% of them were not deposited within 9 days, a time frame which management believed was a reasonable amount of time due to the distance between Rye Preserve and the downtown office.

Management Action Plan: Management will require that all collections be deposited at least weekly. Completion is anticipated by September 30, 2012.