



Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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MEMORANDUM

TO: Charlie Hunsicker, Parks and Natural Resources Department Director

FROM: Lori Stephens, Inspector General *Lori Stephens*

DATE: March 16, 2020

RE: United Park Services, Inc. Franchise License Agreement (Beach Concessions)
Follow-up Audit

The Division of Inspector General has completed a follow-up audit of the franchise license agreements between Manatee County and United Park Services, Inc. based on the audit report dated March 16, 2018. This follow-up audit consisted of reviewing and testing the management action plans included in the original audit report to ensure that corrective actions have been implemented. The scope of the follow-up audit included the six-month period ending August 31, 2019.

Through the competitive bid process, United Park Services, Inc. (UPS) was awarded exclusive rights for the operation and maintenance of the Manatee Beach and Coquina Beach concession facilities, which were officially transferred on July 20, 2010. Compensation to Manatee County is based on a percentage of the revenue generated from operations at both beach concession locations. Payments are received by Manatee County on a monthly basis, and it is the responsibility of UPS to maintain supporting documentation to ensure that all monies remitted are in accordance with the terms of the franchise license agreements and their amendments. Contract oversight is provided by the Parks and Natural Resources (PNR) Department.

We are pleased with the corrective actions taken by management and UPS since the original audit. UPS is now using the Square Point of Sale system (Square), which provides adequate cash register controls, including the inability to alter transactions after sales have been completed. UPS is properly accounting for gift card sales and no longer adjusts monthly gross revenue for cash overages and shortages. Documentation of approval is being retained to support the exclusion of revenues from the monthly revenue reports for the annual Symphony on the Sand charitable fundraising event. In addition, the franchise license agreements have been amended to reflect financial report requirements that are consistent between the two cafés, and resolve prior concerns regarding capital improvements. UPS has submitted all of the required financial reports, and is in compliance with the capital improvement stipulations.

During the exit meeting on February 14, 2020, your management staff, together with the Division of Inspector General, discussed areas where further improvements are still needed and agreed on the following corrective action plan:

“Pride in Service with a Vision to the Future”

Clerk of the Circuit Court – Clerk of Board of County Commissioners – County Comptroller – Auditor and Recorder

CONTROLS OVER REVENUE

Article 4 of the franchise license agreements addresses cash handling requirements for UPS. This includes a requirement that all sales be recorded in cash registers or other electronic or mechanical devices. We identified two types of sales which are not being recorded in the point-of-sale system.

- Manatee Beach umbrella and chair rentals (cash-only sales) are still recorded on handwritten, duplicate, pre-numbered paper receipts. According to UPS management, this is due to the sales occurring on the beach and not inside the café. For the audit period 3/1/19 through 8/31/19, umbrella and chair rentals at the Manatee Beach Café totaled \$87,323. We tested a sample of umbrella and chair rentals and verified that the cash collected agreed to the bank deposit, and the sales agreed to the reports submitted to the County. However, cash controls could be strengthened by recording sales in Square, as is the practice at the Coquina Beach Café.
- Since the previous audit, UPS has added air vending machines at both cafés. These machines provide air to customers for inflating rafts at the beach. Each machine has a sensor that releases compressed air after customers deposit \$0.50; however, the machines do not record the number of transactions or the total of the sales. Additionally, there is no capability to interface with Square. Air vending sales from both cafés totaled \$1,031 for the audit period 3/1/19 through 8/31/19.

We also noted an instance where a system error may have occurred in the Square system resulting in revenue not being properly reported. We identified a day in which several transactions at the Manatee Beach Café did not properly sync with the Square system until the following month. As a result, the revenue (\$107) was not included in the revenue totals reported to the County with the monthly payment.

Management Action Plan

PNR will review the provisions of Article 4 with UPS and work to find solutions to ensure compliance with the cash handling requirements contained in the agreement. If it is the desire of both parties to deviate from these requirements, due to specific process or system limitations, PNR will consult with the County Attorney's Office to determine whether an amendment to the franchise license agreement is required.

Due to the limitations of the air vending machines and low dollar amount of sales, UPS will periodically count the coins from the machines and record them as a single sale in Square. This will ensure the revenue is included in the revenue reports generated from the Square system.

The Contract Manager will periodically request Square Sales Summary reports from UPS, and will reconcile these reports to the concession summary reports submitted by UPS each month, to identify any instances where transactions did not sync properly.

The estimated implementation date is April 30, 2020.

We appreciate the attention you and your staff have given to the audit findings and the assistance given to the Division of Inspector General staff. Another follow-up audit will be scheduled after implementation of the management action plan.

LJS/BJW/JEB

cc: Angelina "Angel" Colonnese, Clerk of the Circuit Court and Comptroller
Board of County Commissioners
Cheri Coryea, County Administrator
John Osborne, Deputy County Administrator
Karen Stewart, Deputy County Administrator
Mitchell Palmer, County Attorney
Dan Wolfson, Finance Director