

**DEPARTMENT OF ENVIRONMENTAL
PROTECTION**

**STATE PARK REVENUES AND SELECTED
ADMINISTRATIVE ACTIVITIES**

Operational Audit



SECRETARY OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION

Section 20.255(1), Florida Statutes, created the Department of Environmental Protection. The head of the Department is the Secretary, who is appointed by the Governor, with concurrence of three or more members of the Cabinet and confirmation by the Senate. The following served as Secretary:

Herschel Vinyard	From January 18, 2011
Mimi Drew	From September 11, 2010, Through January 17, 2011
Michael W. Sole	Through September 10, 2010

The audit team leader was Randall Nelson and the audit was supervised by Susan C. Phelan, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail at davidvick@aud.state.fl.us or by telephone at (850)487-4494.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

State Park Revenues and Selected Administrative Activities

SUMMARY

This operational audit of the Department of Environmental Protection (Department) focused on revenues, cash collections, and inventory controls at State parks; fine collection and write-off procedures; and selected information technology access controls. Those matters requiring corrective action are described below.

STATE PARK REVENUES

Finding No. 1: The Department did not always complete the required annual compliance reviews of State Park fiscal operations.

Finding No. 2: In violation of Florida Statutes, the Department operated the Real Florida Café, located in the Douglas Building, as a State Park-operated concession and covered losses with transfers from the State Park Trust Fund.

Finding No. 3: The Department did not properly monitor sales of State park land timber.

ADMINISTRATIVE FINES

Finding No. 4: The Department did not always exercise due diligence in pursuing full payment of accounts receivable related to administrative fines. In addition, delinquent accounts receivable were not timely referred to a collection agent.

INFORMATION TECHNOLOGY ACCESS CONTROLS

Finding No. 5: Security controls protecting Department information technology resources needed improvement.

BACKGROUND

The Department’s Division of Recreation and Parks (DRP) is responsible for the administration of the 160 public parks managed by the State.¹ The Division is divided into five Districts covering the northwest, northeast, central, southeast, and southwest areas of the State. Each District Bureau Chief is responsible for the overall development and maintenance of comprehensive multi-purpose outdoor recreation and natural and cultural resource conservation programs for the District. Districts 1 had 34 parks, District 2 had 38 parks, District 3 had 29 parks, District 4 had 35 parks, and District 5 had 24 parks. A Park Manager at each State park is responsible for the day-to-day park operations and reports to applicable District staff.

FINDINGS AND RECOMMENDATIONS

State Park Revenues

The Department collected various fees, rentals, and charges for the use or operation of facilities and concessions in State parks.² Park concession operations, including gift shops, were either run by DRP or were operated under contract with vendors. Concessions were operated by DRP at 5 State parks and by vendors at 57 State parks. According to Department records, revenues from park concessions totaled \$6.5 million and \$7.2 million, during the 2009-10 and 2010-11 fiscal years, respectively.

¹ Section 258.004(1), Florida Statutes.

² Section 253.036, Florida Statutes.

Finding No. 1: District Compliance Reviews

The DRP Operations Manual (Manual) provided that an annual compliance review of each State park's internal fiscal controls, revenue collections, and management of grants and donations was to be conducted at least once each fiscal year by each District Office's designated fiscal employee.³ The Manual further provides that the annual compliance review should include:

- Accounting for all prenumbered items such as receipt forms, tickets, and permits.
- Review of revenue controls, including processes for transferring collections between employees, separation of duties, honor payment box collections, and change fund accountability.
- Evaluation of procedures for changing park safe combinations.
- Evaluation of procedures for shift changes at collection points.
- Evaluation of the preparation and review of the Weekly Report of Receipts and Deposits.

Our review of district records for 25 parks, including a selection of parks in each District, disclosed:

- For District 2, documentation of an annual compliance review for one of the five parks selected for testing could not be provided beyond the 2008-09 fiscal year. In addition, documentation could not be provided to evidence the required annual compliance reviews had been conducted since the 2006-07 fiscal year for four parks. Further, for three of the annual district compliance reviews that were performed, documentation was not available to show that proper follow-up communication was performed to check the progress of any corrections made by the park. In response to our follow-up inquiry, DRP management reported that as of January 4, 2012, no additional compliance reviews had been completed for parks in District 2.
- For District 4, for two of five parks selected for testing, documentation could not be provided showing that an annual compliance review had been performed since the 2008-09 fiscal year. Subsequent to audit inquiry, an annual compliance review for one of the two parks was completed on August 2, 2011, and provided for our review.
- Although the Districts were to use a standard form to document annual compliance reviews, the form did not include a procedure to review certain accounting transactions, including but not limited to, the proper reporting of certain park revenues, such as land use fees and timber sale revenue.
- The standard form also did not address the review of inventory reconciliations related to items held by parks for resale. Such reconciliations should include a comparison of beginning inventory to ending inventory, considering items recorded as sold, purchased, and inventory loss.

Department staff indicated that the annual compliance reviews were not conducted during the 2009-10 fiscal year due to travel restrictions. Failure to perform adequate reviews at each State park reduces the Department's ability to timely detect internal control weaknesses that, if not corrected, could increase the risk of loss. In addition, a lack of annual compliance reviews limits management's ability to monitor staff compliance with Department procedures.⁴

³ Division of Recreation and Parks' Operations Manual – Chapter 5, Section 9.

⁴ Effective August 2011, the Department entered into agreements to outsource all State park-operated concessions. According to Department staff, outsourcing the park concession operations was one of the Department's suggestions to reduce recurring budget items by 15 percent, pursuant to the Legislative Budget Request Instructions for the 2011-12 fiscal year.

Recommendation: We recommend that the Department take steps to ensure that district annual compliance reviews are completed at each State park. We also recommend that the Department enhance its review procedures to include an examination of the controls over land use fees, timber revenues, and inventories held for resale.

Finding No. 2: Real Florida Café

Section 258.034, Florida Statutes, created the State Park Trust Fund which is to be credited with all money deposited in the State Treasury from appropriations, fees, rentals, and other charges, together with any unexpended balance of any appropriation made for the expenditure of public funds toward the support, maintenance, and preservation of any monument, memorial, or historic site, which comes under the jurisdiction of DRP. Expenditures from the State Park Trust Fund are authorized for the administration, improvement, and maintenance of State parks and historic memorials under jurisdiction of DRP and for the acquisition and development of lands acquired for State park purposes. State park concessions are also to be accounted for in the State Park Trust Fund. The Fund also receives transfers from the Land Acquisition Trust Fund during the year to cover losses resulting from park operations. The Land Acquisition Trust Fund was created by law⁵ to account for resources to be expended to construct, improve, enlarge, extend, operate, and maintain capital improvements and facilities.

During our review of concession operations in State parks, we noted that the Real Florida Café (Café) was included in the list of park concessions operated by DRP. While the Café was operated from the State Park Trust Fund, it was not associated directly with any State park or located on park property. The Douglas Building in which the concession was located is occupied by Department employees, while the building itself is owned and maintained by Department of Management Services. Our review of DRP records disclosed that the Café had operated at a loss since 2002, and as of June 30, 2011, DRP reported that the Café had experienced total losses of \$327,496. State Park Trust Fund resources, including transfers from the Land Acquisition Trust Fund, were used to cover the losses. As the Café was not a State park concession, the authority for the use of State Park Trust Fund and Land Acquisition Trust Fund resources to cover Café losses was not evident.

The use of State Park Trust Fund and Land Acquisition Trust Fund resources to cover the operating losses of the Café resulted in those funds being unavailable for uses authorized by law. Effective July 1, 2011, DRP no longer operated the Café.

Recommendation: We recommend that the Department take steps to ensure that State Park Trust Fund and Land Acquisition Trust Fund transactions are limited to purposes authorized in law.

Timber Sale Revenues

Section 253.036, Florida Statutes, provides that all land management plans, which are prepared for parcels larger than 1,000 acres, shall contain an analysis of the multiple-use potential of the parcel, including the potential of the parcel to generate revenues to enhance the management of the parcel. This section of law requires that each lead management agency, whenever practicable and cost-effective, utilize the services of the Department of Agriculture and Consumer Services, Florida Forest Service (FFS), or another qualified private sector professional forester in completing feasibility assessments and implementing timber resource management. All additional revenues generated through multiple-use management or compatible secondary use management are to be returned to the lead agency responsible for such

⁵ Section 375.041, Florida Statutes.

management and used to pay for management activities on all conservation, preservation, and recreation lands under the agency’s jurisdiction. In addition, the law requires that such revenue be segregated in an agency trust fund and remain available to the agency in subsequent fiscal years to support land management appropriations.

Pursuant to Section 258.004, Florida Statutes, the Department is designated the lead management agency for State parks. The DRP acts on behalf of the Department in implementing the provisions of Section 253.036, Florida Statutes, and has developed land management plans for State parks. To aid in the maintenance and restoration of State park lands through timber harvests,⁶ the DRP also maintains a Memorandum of Agreement (MOA) with the FFS, which sets forth all obligations of DRP and FFS. In general, timber harvesting at State parks is to be used to thin the growth or to eradicate disease or insect infestation. Thus, the need for harvesting varies and may not take place every year. The revenues generated from the sale of timber harvested from park property are to be deposited in the State Park Trust Fund and used for land management activities.

As shown in Table 1 below, our review of 2009-10 and 2010-11 fiscal years timber sale records obtained from FFS disclosed that FFS transferred a total of \$56,800 and \$942,489 to DRP during the 2009-10 and 2010-11 fiscal years, respectively.

**Table 1
Timber Sale Revenue**

Fiscal Year	Total Proceeds From Timber Sales	Costs Retained by FFS	Office of Greenways and Trails and Coastal Aquatic Managed Areas Timber Sales	State Park Timber Sale Revenue
2009-10	\$ 67,647	\$ 10,847	\$ 7,333	\$ 49,467
2010-11	1,261,980	190,015	129,476	942,489
Totals	<u>\$1,329,627</u>	<u>\$200,862</u>	<u>\$136,809</u>	<u>\$991,956</u>

Finding No. 3: Timber Sale Controls

Controls over timber resource management should include procedures requiring that documentation be maintained to evidence DRP monitoring of timber sales in State parks. Further, all revenue received should be segregated in a Department trust fund, pursuant to Section 253.036, Florida Statutes, such that it remains identifiable and available to support land management appropriations. Our review disclosed that DRP lacked written procedures concerning the monitoring of timber sale operations taking place on State park property and that controls over the Department’s timber resource management could be improved, as follows:

- DRP management indicated that park managers and biologists were responsible for oversight of timber sale operations to ensure that the harvest of timber follows park preservation interests. However, DRP did not require park staff to maintain documentation of site visits or report on timber sale oversight activities.
- The MOA, executed in August 2009, required DEP to annually prepare a prioritized list of timber sales to be conducted in cooperation with FFS. Timber sales were to be conducted by FFS based on this list and the condition of the land. However, DRP did not reconcile the locations and amounts of timber removed from State parks to the prioritized list and to the revenues received.⁷

⁶ Effective July 2011, the Department of Agriculture and Consumer Services’ Division of Forestry was renamed the Florida Forest Service.

⁷ Collection procedures at FFS were included in the scope of our audit of the Department of Agriculture and Consumer Services, audit report No. 2012-161.

- The August 2009 MOA also required payments to be made payable to DRP from timber contractors, rather than to FFS for later transfer by FFS to DRP. Upon inquiry, we were advised by the Department's Bureau of Finance and Accounting staff that they did not receive notification when timber sale revenue was due and were not made aware of timber sales until the revenue was reported either weekly for State parks without camping or monthly for State parks with camping. After all reports had been entered and balanced, the accounting information was uploaded in summary form into FLAIR. Following these procedures, the Department's Bureau of Finance and Accounting would not have knowledge of amounts due sufficient to report a receivable at fiscal year-end.
- Timber contractor checks were deposited into the State Treasury to the credit of the State Parks Trust Fund, but were not segregated within the Fund. The deposits were recorded as either Land Use Proceeds or as Miscellaneous Receipts and were comingled with other receipts.

Absent effective controls, including written procedures and the establishment of appropriate accounts, the Department cannot be assured all revenues due were received and properly segregated and that only agreed-upon timber was removed from the State parks.

Recommendation: We recommend that the Department establish procedures requiring that documentation be maintained to evidence the monitoring of timber sales in State parks, including a reconciliation of the prioritized list of sites to the actual timber sales. We also recommend that the Department ensure timber sales are recorded in a manner which allows a demonstration of compliance with Section 253.036, Florida Statutes.

Fine Tracking, Collections, and Write-Off Procedures

Pursuant to law,⁸ each agency is responsible for exercising due diligence in securing full payment of all accounts receivable and other claims due to the State. In accordance with Section 17.20, Florida Statutes, after exhausting other lawful measures, unless exempted by agency request, delinquent accounts receivable are to be reported as directed by the Department of Financial Services to a collection agent within 120 days after the due date.

The Department assesses and collects money for fines, costs, or damages as part of enforcement of applicable environmental laws. DEP Administrative Directive 540 provides that in the event the responsible party does not pay, and before declaring an account uncollectable, the Department's Collection Offices are responsible for ensuring that diligent efforts are made to collect the amounts outstanding. The exercise of due diligence in collecting outstanding amounts requires prompt notification to the debtor concerning the account's status and prompt requests for payment. Consistent with this requirement, when payment is not made within thirty days of its due date, DEP policy provides that the account is considered past due, and the Department is to send a demand notice requesting payment. If not paid within sixty days of its due date, the account is to be considered delinquent and the Department is to send an additional demand for payment.

If an adequate resolution of the account is not reached within ninety days of the due date, Collection Offices are to refer the account either to the Bureau of Finance and Accounting's Revenue Section or to the Office of General Counsel, which may then request the Bureau of Finance and Accounting Revenue Section to report the account to a collection agent.

⁸ Section 17.20, Florida Statutes.

Finding No. 4: Administrative Fines

During the period July 2009 through February 2011, the Department assessed \$19 million in fines related to environmental violations. As of June 30, 2010, the receivable balance was \$29 million with an uncollectable allowance of \$21 million. As part of our review of the Department's collection efforts, we tested 25 receivables, totaling \$1,182,425 that were considered delinquent accounts. Our tests of the procedures established by the Collection Offices, Office of General Counsel, and the Bureau of Finance and Accounting disclosed improvements were needed:

- For 8 of the 25 delinquent accounts tested, totaling \$471,731, the Department could not provide documentation that demand notices were sent.
- For an additional 7 of the delinquent accounts totaling \$245,200, the demand notices were not timely sent. The demand notices were sent from 39 to 254 days after the account due dates.

In addition, our testing disclosed that 14 of 25 delinquent accounts tested, totaling \$443,825, were not timely reported by the Bureau of Finance and Accounting to a collection agent. The delinquent accounts were reported to a collection agent from 126 to 263 days after the due date.

According to Department personnel, several factors, such as on-going litigation, lack of staff, staff turnover, and program workload, contributed to delays in pursuing the collection of receivables. Delays in pursuing the collection of receivables increases the risk of uncollectability.

Recommendation: We recommend the Department exercise due diligence in pursuing full payment of accounts receivable related to administrative fines and report delinquent accounts to a collection agent as required by Section 17.20, Florida Statutes.

Information Technology Access Controls

The Department utilizes the Cash Receiving Application (CRA) for the cash receipting functions in the Bureau of Finance and Accounting and to record receipts from the mail room or program areas; automate the processing of receipts; provide documentation for reconciling the receipts to the amounts recorded in the Florida Accounting Information Resource System (FLAIR); and allow for the identification of moneys related to the various program areas. The Department also utilized the Legal Case Tracking (LCT) System used to maintain relevant information related to legal cases, including amounts assessed and amounts collected.

Finding No. 5: Information Technology Security

Security controls are intended to protect the integrity, confidentiality, and availability of information systems data and resources. During our audit, we identified aspects of the Department's information technology security controls with regard to the CRA and LCT System that needed improvement.

Access Controls

Access controls involve the use of computer hardware and software to prevent or detect unauthorized access by requiring users to input user identifications, passwords, or other forms of identification and authentication that are linked to predetermined access privileges. Such controls help to protect against unauthorized modification, loss, and disclosure of data. The effectiveness of password-based authentication is dependent on controls that protect the confidentiality of the passwords, such as password length and complexity requirements, lockouts after invalid access

attempts, and requirements for passwords to be changed on regular intervals and not be reused. In addition, effective access controls include the timely removal of access for employees who terminate employment with the Department.

Our audit disclosed that the password controls for the database server that hosted the CRA and LCT System applications needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Department data and IT resources. However, we have notified appropriate Department management of the specific issues. Without adequate security controls related to passwords, the confidentiality, integrity, and availability of data and IT resources may be compromised, increasing the risk that Department data and IT resources may be subject to improper disclosure, modification, or destruction.

Further, our testing disclosed that the Department did not ensure that terminated employees' access privileges to the CRA and LCT System applications were immediately removed upon employee separation. Our test of access to the CRA for 26 employees who terminated employment with the Department from July 2009 through February 2011 disclosed that, for 15 of these employees, access to CRA continued after termination for periods ranging from 4 to 126 days (average of 57 days) and for one, access had not been removed as of June 24, 2011.

Our test of access to the LCT for 15 employees who terminated employment with the Department from July 2009 through February 2011 disclosed 8 employees whose access to LCT continued after termination for periods ranging from 48 to 455 days (average of 131 days).

Without adequate access controls, the risk of improper disclosure, modification, and destruction of the Department's data and IT resources is be increased.

Recommendation: We recommend that the Department strengthen access controls to reduce the risk of unauthorized access to information within the CRA and LCT System applications.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from November 2010 to January 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on controls over the Department's response to the Deepwater Horizon oil spill incident; operating revenues, cash collections and inventory controls at State parks; and fine tracking, collections, and write-off procedures. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.

- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In conducting our audit we:

- Obtained an understanding of internal controls and observed, documented, and evaluated the effectiveness of key processes and procedures related to the Department's response to the Deepwater Horizon oil spill incident; operating revenues, cash collections and inventory controls at State parks; and fine tracking, collections, and write-offs.
- Obtained an understanding of IT controls, evaluated whether selected general and application controls were in place, and tested the effectiveness of the controls.
- Tested 50 expenditure transactions related to the Deepwater Horizon oil spill incident for the period July 2009 through February 2011 to determine whether the Department:
 - Established appropriate controls to account for expenditures.
 - Followed applicable laws, rules, and grant agreements.
- Tested 25 DRP Weekly Report of Receipts, Deposit Worksheets, Deposit Slips, Department Reconciliations, and Reports from revenue generating parks to determine whether the revenues were accurately recorded in the Department's accounting records.
- Tested 21 DRP Concession Quarterly Reports from parks with concession revenue, reviewed the associated profit/loss statements generated by the DRP Budgetary Section and inventory reports, to determine the accuracy and completeness of the reports.
- Reviewed 25 DRP annual compliance reviews of park fiscal controls.
- Reviewed Department records related to timber sale revenues to evaluate the:
 - Timely collection, deposit and proper reporting of timber sale revenues.
 - Monitoring performed of the timber sale agreement with FFS.
 - Reconciliation of the prioritized list of timber sales to the actual sales.
 - Reconciled amounts shown as transferred by FFS records to the amounts recorded as received by the Department.
- Performed inquiries, observations, and testing of the Department's fine recording and collection processes. Specifically:
 - Reviewed a sample of cases from the Department fine tracking system to ensure fines are supported by appropriate documentation.
 - Reviewed the Department's accounts receivable and uncollectible write-off procedures.

- Tested 25 periodic reconciliations between FLAIR and the Legal Case Tracking System records to assess completeness of reported receivables.
 - Tested 25 active accounts, for which collections were made, from the period July 2009 through February 2011 to ensure compliance with Department policies, applicable laws, administrative rules, and other guidelines.
 - Tested 40 accounts written-off during the period July 2009 through February 2011 to determine compliance with Department policies, applicable laws, administrative rules, and other guidelines.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Communicated on an interim basis with applicable Department officials to ensure the timely resolution of issues involving controls and noncompliance.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe those matters requiring corrective actions.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

In a response letter dated March 15, 2012, the Secretary of the Department provided responses to our audit findings and recommendations. The Secretary's response is included as **EXHIBIT A**.

EXHIBIT A
MANAGEMENT'S RESPONSE



Florida Department of
Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000

Rick Scott
Governor

Jennifer Carroll
Lt. Governor

Herschel T. Vinyard Jr.
Secretary

March 15, 2012

Mr. David W. Martin, CPA
Office of the Auditor General
G74 Claude Denson Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Enclosed is the Florida Department of Environmental Protection's response to the preliminary and tentative findings and recommendations pertaining to the Audit of the Department of Environmental Protection, State Park Revenues and Selected Administrative Activities for the period July 2009 through February 2011. If you have questions in this regard, please call Candie Fuller, Inspector General, at 850-245-3151. Thank you for the opportunity to respond.

Sincerely,

Herschel T. Vinyard Jr.
Secretary

HTV/cmf/mhk
Enclosure

- cc: Cynthia Kelly, Division of Administrative Services, DEP
- Lynda Watson, Finance and Accounting, DEP
- Tom Beason, Office of General Counsel, DEP
- Donald Forgione, Division of Recreation and Parks, DEP
- Darrell Black, Office of Technology and Information Services, DEP

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

Department of Environmental Protection
Response to Preliminary and Tentative Audit Findings
Auditor General Audit

Finding No.1: District Compliance Reviews

The Department did not always complete the required annual compliance reviews of State Park fiscal operations.

Recommendation: We recommend that the Department take steps to ensure that district annual compliance reviews are completed at each State park. We also recommend that the Department enhance its review procedures to include an examination of the controls over land use fees, timber revenues, and inventories held for resale.

Department Response:

The Department of Environmental Protection (Department) agrees with the audit finding and recommendation. The Department will ensure that all park districts complete an annual park compliance review for all state parks every fiscal year. Our Division of Recreation and Parks (Division), Office of Financial Management will require copies of the completed annual compliance reviews be submitted to them each fiscal year to note that all have been completed and to make the Division Director aware of any potential problems noted in the reviews. Park merchandise resale inventories are reconciled monthly and submitted to our District Offices pursuant to our Operational Manual Chapter 5, Paragraph 15. The Division has standardized district annual compliance reviews to include an examination of parks' handling of land use proceeds and timber revenue.

Finding No. 2: Real Florida Café

In violation of Florida Statutes, the Department operated the Real Florida Café, located in the Douglas Building, as a State Park-operated concession and covered losses with transfers from the State Park Trust Fund.

Recommendation: We recommend that the Department take steps to ensure that State Park Trust Fund and Land Acquisition Trust Fund transactions are limited to purposes authorized in law.

Department Response:

The Department agrees with this recommendation. The Department turned over the cafeteria operation to the Division of Blind Services on July 1, 2011.

Finding No. 3: Timber Sales Controls

The Department did not properly monitor sales of State park land timber.

Recommendation: We recommend that the Department establish procedures requiring that documentation be maintained to evidence the monitoring of timber sales

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

in State parks, including a reconciliation of the prioritized list of sites to the actual timber sales. We also recommend that the Department ensure timber sales are recorded in a manner which allows a demonstration of compliance with Section 253.036, Florida Statutes.

Department Response:

As of October 2011, the Department has established procedures to assign a unique revenue object code for recording timber sales proceeds in FLAIR. Since that time, timber sales revenues are recorded to the timber sales object code so that these revenues are segregated in the State Parks Trust Fund and remain available to support land management appropriations. To ensure that all timber sales are properly identified with the unique object code, the Department of Agriculture and Consumer Services Florida Forest Service now copies the Department's Bureau of Finance and Accounting, (BFA) on correspondence relating to timber sales. BFA tracks these pending sales on a Timber Sales log, posts receipts from the Weekly Report of Receipts (WRR) to the log, and reconciles the WRR to FLAIR by object code. Additionally, with the notification from Florida Forest Service, BFA now has sufficient information to report amounts due as receivable at fiscal year-end.

The Division has established written procedures for properly documenting timber harvest needs, tracking/inspecting harvests, and the reporting and depositing of timber sales revenue. The Division will notify BFA of any ongoing timber harvesting, as well as the associated revenue at the time of sale.

Finding No. 4: Administrative Fines

The Department did not always exercise due diligence in pursuing full payment of accounts receivable related to administrative fines. In addition, delinquent accounts receivable were not timely referred to a collection agent.

Recommendation: We recommend the Department exercise due diligence in pursuing full payment of accounts receivable related to administrative fines and report delinquent accounts to a collection agent as require by Section 17.20, Florida Statutes.

Department Response:

Over the past two years, the Department has made significant improvements in procedures for tracking and reporting receivables, including a standard mechanism for program areas to report receivables to BFA on a quarterly basis and a data system for program areas to report delinquent accounts to BFA. BFA has worked with program areas to identify and collect receivables, to ensure that delinquent receivables are referred to the State collection agent in a timely manner according to Section 17.20, Florida Statutes, and to request authority to write off recorded receivables that are deemed to be uncollectible. As a result, collection efforts are more consistent and timely, delinquent accounts are timely referred to the collection agency, and uncollectible accounts are no longer reflected as receivable/doubtful accounts.

EXHIBIT A
MANAGEMENT'S RESPONSE (CONTINUED)

Over the past year, the Office of General Counsel (OGC) has been assisting Department staff in monitoring their accounts receivable, identifying when certain collection activities should be occurring, and ensuring that delinquent receivables are referred to the State collection agency in a timely manner. The Department has made significant improvements in tracking and reporting receivables associated with OGC cases. Further efforts, including updating DEP Directive 540 and providing training tools in collection procedure, are currently being pursued.

Finding No. 5: Information Technology Security

Security controls protecting Department information technology resources needed improvement.

Recommendation: We recommend that the Department strengthen access controls to reduce the risk of unauthorized access to information within the Cash Receiving Application (CRA) and Legal Case Tracking (LCT) System applications.

Department Response:

The CRA Administrator relies on supervisors or managers for timely notification of employee separation so that their access can be revoked within the acceptable 3 day time frame. The CRA Administrator revokes an employee's access to CRA upon notification of the employee's separation from the Department or separation from a position that is authorized for CRA access. The Division of Administrative Services is working with the Office of Technology and Information Services to develop a clearly defined and consistent procedure and mechanism to facilitate notification in a timely manner to appropriate Systems Administrators throughout the Department to grant access to authorized new employees, as well as notifications to revoke access to systems upon termination. A centralized procedure and clearly defined responsibilities will improve access administration for the CRA and LCT as well as all other information systems within the Department.

Over the past year, OGC has implemented a new policy to ensure terminated employee's LCT access is revoked within 3 days of separation from the Department. When the Certificate of Termination is submitted to the Bureau of Personnel Services, the Office Manager submits the request to revoke the separated employee's access to LCT through the Department's new Service Desk Ticketing System. The request is tracked until completed to ensure access is removed within the 3 day timeframe.