



Internal Audit Department

Audit Report 2011 – 3

Freedom Memorial

February 2013

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The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under *Nicolai v. Baldwin* (Aug. 28, 1998 DCA of FL, 5th District) and Florida Statute 119.0713. Work-papers supporting the observations noted within this report will become public record and can be made available upon request once the final audit report has been issued.

The draft audit report 2011-3 was provided to the County Manager and the Freedom Memorial Task Force for management responses on April 2, 2013. Jerry Sanford, Chair of the Freedom Memorial Task Force, provided Freedom Memorial Task Force management responses on April 9, 2013 and revised management responses on May 17, 2013. Michael Sheffield, Interim Director of Communication and Customer Relations, provided County management responses on April 15, 2013 and revised management responses on May 20, 2013.

Objectives

The objectives of the review were to determine whether: 1) the funding for the Freedom Memorial was eligible for Category C-2 grant awards as recommended by the Tourist Development Council and awarded by the Board of County Commissioners, 2) the use of TDT funds were in compliance with applicable regulations, and 3) the solicitation and collection of donations were/are properly controlled and in compliance with applicable regulations.

Scope

The review consisted of, but was not limited to the following tasks:

- Reviewing Internal Revenue Service regulations;
- Searching records of the Florida Department of State, Division of Corporations;
- Reviewing Florida Statutes and Attorney General Opinions;
- Reviewing Florida Department of Revenue guidelines regarding solicitation of funds;
- Reviewing applicable BCC records, including Collier County Ordinances and Resolutions;
- Reviewing applicable TDC meeting, minutes, and agenda records;
- Reviewing Collier County Property Appraiser's records;
- Reviewing and compiling history of the Freedom Memorial and the Freedom Memorial Task Force;
- Reviewing Freedom Memorial marketing materials and websites;
- Reviewing permit applications and approved permits submitted to the City of Naples;
- Reviewing purchase orders and applicable change orders;
- Reviewing purchasing card transactions;
- Reviewing Tourism Department (grant) Category C-2 agreements and requests for reimbursements;
- Reviewing and assembling records from the Finance Department for construction and donations/charitable contributions related to Freedom Memorial;
- Reviewing emails, media items, and other communications regarding the Freedom Memorial related to public records requested items;
- Reviewing Freedom Memorial Task Force collections/deposit records;
- Interviews with County staff;
- Interviews with Freedom Memorial Task Force members/volunteers; and
- Site visits to Freedom Park and Freedom Memorial.

Background

Plans for initiating construction of the Collier County Freedom Memorial began in 2004, when the Board of County Commissioners (BCC) declared September as “Freedom Month.” A campaign entitled, “What Does Freedom Mean to You?” was launched at the same time to help raise money to fund the construction of the memorial. As represented on the Freedom Memorial website (www.collierremembers.org or www.colliergov.net/Index.aspx?page=824 – operated by the County), the memorial will pay tribute to the nation’s armed forces, with a specific focus on the members of law enforcement, fire fighters, emergency medical personnel, and civilians who died in the September 11, 2001 terrorist attacks. Members of the Freedom Memorial Task Force manage the fundraising, marketing, and promotional activities for the project with County assistance. The 13 feet tall by 40 feet wide granite memorial is estimated to cost approximately \$2 million to construct, with some of the funding being provided by Collier County tax dollars as well as grants from the Tourist Development Council (TDC) which is funded with Tourist Development Taxes (TDT).

Florida Statute (F.S.) 265.7025(4) provides guidance for how the Freedom Memorial may be considered a “historical property/resource.” Section (a) of the statute further dictates a historical property promotes and encourages knowledge and appreciation of history by encouraging the preservation of historical properties through exhibition.

Ordinance 92-60, as amended, defines a total of four authorized uses of TDT revenues, categories A-D. Category C funds, as defined by the ordinance, may be used to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate or promote one or more County owned and operated museums or municipal owned museums or museums that are owned and operated by not-for-profit organizations open to the public. (*Reference Tourism Department Audit Report 2011-2A for further information*)

Category C authorized uses are further defined by sub-categories C-1 and C-2. Category C-1 funds may be used for County owned and operated museums and Category C-2 funds may be used for “municipal owned museums and museums owned and operated by not-for-profit organizations open to the public.”

The “historical property/resource” statutory designation allowed the memorial to be eligible for the receipt of TDT Category C grant funds. In fiscal years 2009 and 2010, the BCC awarded the Freedom Memorial Task Force Category C-2 grants of \$125,000 and \$39,000, respectively. \$140,700 of TDT funds were used for the construction of the monument. In May 2010, the TDC determined the Freedom Memorial Task Force was not eligible under Category C-2 to receive grant awards because the Freedom Memorial is County owned and operated (i.e. managed). The TDC recommended to the BCC no award be made to the Freedom Memorial Task Force for fiscal year 2011 using Category C-2 funds; the TDC recommended Category C-1 funds were more appropriate for the project.

The Freedom Memorial has been partially constructed and private fundraising events are still active to assist with the ongoing construction of the memorial. At the TDC meeting held on January 25, 2010, the President of Paradise Advertising and Marketing, Inc. (“Paradise”) announced a donation of \$100,000 would be made to the Marco Island Historical Society to fund museum projects. At the BCC meeting held on January 26, 2010, discussion surrounding the donation noted the amount to be contributed to the MIHS would be \$50,000 and \$50,000 for additional marketing services. On December 9, 2010, the County received Paradise’s donation earmarking \$50,000 for MIHS and \$50,000 for Freedom Memorial. (*Reference Tourism Department Audit Report 2011-2 for further information related to Paradise Advertising*)

For additional cash handling background, information, and concerns. (*Reference Freedom Park: Cash Review Audit Report 2013-1*)

Summary

The following observations were generated during this review:

1. Freedom Memorial Task Force TDC grant application and subsequent contract contained false/misleading information about the Freedom Memorial Task Force.
2. Improper category of TDT grant funding was awarded to the Freedom Memorial Task Force for FY 2009 and FY 2010.
3. Use of grant funds for construction is ineligible under TDC guidelines for Category C-2 funding.
4. The Freedom Memorial Task Force is not properly registered to solicit funds in the State of Florida.
5. Cash collected on behalf of the County has been commingled with personal funds.
6. Deposits do not reconcile with Activity Reports.
7. Solicitation and collection of donations for the Freedom Memorial project lacks County oversight to ensure all funds collected are deposited into Fund 620.
8. Purchasing card expenditures were charged to the incorrect fund.
9. Sales tax on merchandise sales has not been properly collected or reported to Finance or the Florida Department of Revenue.
10. Inventory has not been tracked and lacks supporting documentation.
11. Lack of an Audit Trail

Collier County is the owner of the Freedom Memorial capital project and the property where the monument is being constructed. The use of County land, County staff, and tax dollars to support the Freedom Memorial implies the County is managing and operating an intended non-County project, making the memorial ineligible for Category C-2 grant funds, but eligible for Category C-1 funding. It appears the Freedom Memorial Task Force is raising funds for a County project without County oversight. The Freedom Memorial Task Force is not registered to solicit funds in the state of Florida, but is actively soliciting and collecting donations for the memorial.

Observations

1) Freedom Memorial Task Force TDC grant application and subsequent contract contained false/misleading information.

The Freedom Memorial Task Force has no specific legal tax status in the state of Florida. The Freedom Memorial Task Force applied for a Category “C” TDC grant for the first time in the FY08-09 grant award cycle. The Freedom Memorial Task Force requested \$126,923.90 in FY 08-09 to be used for constructing the “historical marker”, which they estimated it would take 3 to 5 years to complete at a total cost of approximately \$1.8 million.

The grant application stated the Freedom Memorial Task Force is a “Non-Profit”; the other category options were “For-Profit” and “Government Agency.” The Freedom Memorial Task Force was awarded Category C-2 funds (non-County owned museum category) of \$125,000 for FY 08-09 by the BCC. The subsequent contract made between the BCC and the Freedom Memorial Task Force indicated they were “a Florida not-for-profit corporation” (emphasis added). There is no evidence that the Freedom Memorial Task Force is a Florida not-for-profit corporation. A search of public records verified the Freedom Memorial Task Force is not a non-profit corporation registered with the state of Florida.

The Freedom Memorial monument appears to be a County owned and operated project.

Recommendations:

- Grant applications and contract language should accurately reflect the proper legal classification of the organization entering into an agreement with the BCC to avoid contracts containing false and/or misleading information.

County Management Response:

“The County agrees grant applications and contract language should accurately reflect the proper legal classification of the organization entering into an agreement with the Board of County Commissioners (BCC). Individual Tourist Development Council (TDC) agreements are, and will continue to be brought forth before the BCC for approval prior to execution and receive reviews from several County departments including the County Attorney’s Office and the Grants Compliance Office. All approvals are control points to ensure the Department accurately drafted the agreement.”

Freedom Memorial Task Force Response:

“We will meet with the County Attorney for clarification.”

2) Improper category of TDT grant funding was awarded to the Freedom Memorial Task Force for FY 2009 and FY 2010.

The Freedom Memorial Task Force FY 08-09 grant application states expenses will be monitored as follows: “All contributions are received and recorded by the Collier County Clerk of Courts. The Office of Management and Budget within the County Manager’s Agency monitors the expenditure of funds.” County staff conducts operational transactions for the Freedom Memorial Task Force by using County purchasing cards and County purchase orders, indicating the Freedom Memorial is a County owned and operated project. Fundraising events and promotion of the memorial are completed by the Freedom Memorial Task Force volunteers for the County project.

Collier County owns, operates, and manages the Freedom Memorial project, which can be considered a historic monument, as defined by F.S. 265.7025(4) and is eligible for TDT museum category grants. The two categories of museums are County owned and operated (C-1) and non-County (C-2) owned and operated as defined by Ordinance 92-60, as amended.

In April 2008, the County Attorney provided an interoffice memorandum to Commissioner Coyle regarding the eligibility of the project to be funded with tourist development tax funds. It was of the opinion of the County

Attorney's Office that the project could be at least partially funded with TDT dollars if it were included "as part of the County's overall museum inventory" (Category C-1).

At the June 2008 TDC meeting, the Tourism Director stated some concerns regarding why staff did not believe the project qualified for Category C-2 funding: 1) it does not qualify as a museum, in and of itself, because the monument is not actually a museum, 2) the project has not been accepted into County inventory as a museum, and 3) projections on how the monument will increase tourism in Collier County were not provided. The Tourism Director stated concerns with using Category C-1 funding, due to the project not being budgeted in that category and the Museum Director's budget would then be affected. There was discussion surrounding the potential need for an Ordinance change if this project was to be funded with Category C-1 funds. During the meeting, the Assistant County Attorney agreed Category C-2 funds could be used for the project if a finding was made to qualify the Memorial as a museum for purposes of the TDC Funding Policy and Ordinance making the project eligible under Category C-2.

In a May 2009 email, an Assistant County Attorney provided Commissioner Coyle information regarding whether donations made to the Freedom Memorial (Collier County Fund 620) were tax deductible. The Assistant County Attorney referenced Internal Revenue Service Publication 526 for deductibility of donations made to the project. The opinion specifically referenced eligibility of the donation to be tax deductible due to the donations being made to a local government (i.e. Collier County Board of County Commissioners Fund 620). The opinion implied the project was related to County government and a County project; therefore, not privately owned and operated. This indicates the Freedom Memorial is not qualified for Category C-2 funding, but would be qualified for Category C-1, County owned and operated museums.

In March 2011, a memorandum to Commissioner Hiller from an Assistant County Attorney stated the project had "apparent County involvement" which is why Category C-2 funding was not granted to the Freedom Memorial Task Force for FY11. The same memo stated "the Freedom Memorial Task Force, a private citizens group...is responsible for the creation, construction, and fundraising for the Freedom Memorial." However, the construction of the memorial is being managed by County staff, expenditures from Fund 620 are approved by staff, County purchasing cards and purchase orders are used for expenditures, and the monument is being constructed on publicly owned land.

It appears the Freedom Memorial monument was not qualified for Category C-2 funding and would have been more appropriately funded with TDT Category C-1 funds.

Recommendations:

- County staff should take care in reviewing applications and contracts to ensure grants are awarded to eligible projects in the appropriate grant funding category.
- County staff should review the Ordinance and determine the appropriate action for properly allocating funds.

County Management Response:

"All future Tourist Development Tax funding requests will be in accordance with Florida Statutes and County Ordinances as determined by the County Attorney's office and approved by the BCC. County staff will implement any corrective actions as suggested by the County Attorney for this project."

3) Use of grant funds for construction is ineligible under TDC guidelines for Category C-2 funding.

The TDC Category C grant applications contain a list of ineligible uses of grant funds. The grant application guidelines state Tourism (TDT) funds may not be used for: "...8. Real property or capital improvements, new construction, renovation or restoration to facilities..."

The primary purpose listed on the Freedom Memorial Task Force application for utilizing the grant funds was "construction of the Freedom Memorial," which is not a use permitted by the TDC for Category C-2 grant funds. \$140,700 of TDT revenues (Category C-2) has been used to fund construction and related expenditures.

TDT revenues are eligible for construction under Florida Statute and County Ordinance; however, the TDC grant guidelines for Category C-2 funding do not allow construction. It appears Category C-2 funds were used for ineligible expenditures. County staff should review expenditures at the time of receipt to avoid reimbursements for ineligible expenditures.

Recommendations:

- TDC grant funds should be used in accordance with the stated guidelines. When a deviation from the approved use of funds is expected, the BCC should vote to waive the TDC guidelines/requirements for the special use of funds.
- County staff should review and determine if policies should be revised.

County Management Response:

“All future Tourist Development Tax funding requests will be in accordance with TDC guidelines/requirements. In the case of any exceptions, the Department will obtain BCC approval for a waiver to the guidelines.”

4) The Freedom Memorial Task Force is not properly registered to solicit funds in the State of Florida.

Florida Statute Chapter 496, the Solicitation of Contributions Act, requires charitable organizations soliciting charitable contributions in the State of Florida to register with the Florida Department of Agriculture, Division of Consumer Services. If the charity is Florida based, it must also register with the Department of State Division of Corporations and file reports with the Department of Revenue. A charitable organization is required to file the initial registration statement or annual renewal statement and may not solicit contributions until all forms have been properly filed.

The Freedom Memorial Task Force is soliciting and collecting donations for the Freedom Memorial. The Freedom Memorial Task Force is not registered with the Florida Department of Agriculture, Division of Consumer Services or the Department of State Division of Corporations.

On December 5, 2012, a Freedom Memorial Task Force member said they were considered a separate and distinct entity and only operated under the County umbrella for rules, such as the purchasing policy.

The Freedom Memorial Task Force does not appear to meet the exemption criteria listed in the governing statute; therefore, does not appear to be in compliance with the Solicitation of Contributions Act.

Recommendations:

- The Freedom Memorial Task Force should comply with the Solicitation of Contributions Act.

Freedom Memorial Task Force Response:

“We will contact the County Attorney to comply with Florida Statute.”

5) Cash collected on behalf of the County has been commingled with personal funds.

Donations are collected and merchandise sold by the Freedom Memorial Task Force on behalf of Collier County for the Freedom Memorial monument. All funds collected by the Freedom Memorial Task Force have not been initially deposited into Collier County bank accounts.

Deposits were reviewed during the audit from October 1, 2006 through November 1, 2012. Exceptions were noted where personal checks and cashier’s checks were provided by the Freedom Memorial Task Force for cash collections and sales.

On December 5, 2012, a Freedom Memorial Task Force volunteer/member said when the deposits were taken to a bank to convert cash into a cashier's check, fees were charged, so rather than pay fees, the funds collected were deposited into the volunteer's personal bank account and then a personal check was issued to Finance. He indicated the use of the personal account saved the Freedom Memorial Task Force fees and reduced the number of transactions.

Depositing County funds into a personal bank account is commingling of funds and could be considered theft. When funds are commingled, the audit trail is blended and the funds appear to be part of the individual's personal funds. County funds should never be commingled.

Recommendations:

- Funds collected and/or sales for the County should not be commingled with personal funds.
- Funds should be deposited directly with the County.

Freedom Memorial Task Force Response:

"The Freedom Memorial Task Force has suspended all cash donations until legal remedies are put into place at the direction of the County Attorney."

6) Deposits do not reconcile with Activity Reports.

The Freedom Memorial Task Force solicits and collects donations for the Freedom Memorial monument at fundraisers and events. Deposits are provided to Finance and deposited into the Freedom Memorial fund. Activity reports listing the collections and total deposit have not been provided to Finance with the deposit.

Deposits to the County were reviewed during the audit from October 1, 2006 through November 1, 2012 to verify the deposits accurately traced to the activity reports retained by the Freedom Memorial Task Force. Exceptions were noted where the deposit and activity reports were inconsistent (overages and shortages) or the activity reports were unable to be provided. 13 of 33 (39%) deposits did not reconcile with the activity reports.

On December 7, 2012, a Freedom Memorial Task Force volunteer/member said the deposits may be short when the deposit was a cashier's check. He said the bank would charge a cashier's check fee, which was paid from the money being deposited.

On December 15, 2012, a Freedom Memorial Task Force volunteer/member said if the deposit is greater than the report, it is because when the reports were completed, they only included cash (bills) and checks collected. He indicated all change was placed in a bag and given to a volunteer to be counted at a later time. He said multiple event coins were placed in the same bag without being counted and recorded separately by event. He indicated the coin bag would be maintained by the same volunteer until there were enough coins to be rolled, then the rolled coins would be put into the next deposit.

On December 26, 2012, an additional explanation for discrepancies was provided by the volunteer. The volunteer said deposits exceeding the activity reports were also a result of volunteers selling pins and accepting donations separate of the events. Activity reports are only completed for the events, so there would be no record of the separate sales or additional donations.

Explanations were not included in the deposit records provided to Finance or on the activity reports explaining the overage or shortage. Without proper explanation, shortages may provide the appearance of theft. While overages may seem to be a benefit, it can just as easily lead to shortages and indicates a lack of controls and precludes trend monitoring.

Care should be taken by all individuals involved in the cash process to prevent overages and shortages. Weak controls provide a greater opportunity for theft and/or discrepancies.

Recommendations:

- Activity reports or supporting documentation should be provided when making deposits so the deposit can be validated.
- If an overage or shortage occurs in the deposit, the amount needs to be recorded at the time of deposit and an explanation provided for the cause of the overage/shortage.

Freedom Memorial Task Force Response:

“This is dually noted and the procedure will be corrected immediately.”

7) Solicitation and collection of donations for the Freedom Memorial project lacks County oversight to ensure all funds collected are deposited into Fund 620.

On September 10, 2011, a donations jar was observed at Freedom Park sitting on a table in the middle of the room amongst County merchandise for sale. The donation jar was for Freedom Memorial donations. The County employee at the location said the Freedom Memorial donation jar would be collected monthly by a member of the Freedom Memorial Task Force and was left out the rest of the time. The donation jar was not properly safeguarded. Leaving cash unattended in the middle of the facility leaves the funds in the jar susceptible to theft. It does not appear the County has properly secured donations received for the Freedom Memorial project. The donation jar was removed from the location approximately 1-2 weeks prior to December 6, 2012.

On December 5, 2012, a Freedom Memorial Task Force volunteer/member said the volunteers are responsible for internal controls and cash collections regarding the Freedom Memorial monument. He indicated the County does not provide oversight and has no control over the cash collections. He said there are no County employees present at fundraising or events. He indicated the volunteers collect funds from donations and sell merchandise on behalf of the County, then deposit the funds into personal accounts, and issue a check to the County for all funds. The County does not have controls in place to ensure all funds are deposited.

It does not appear the County is overseeing cash collections pertaining to the Freedom Memorial monument.

Recommendations:

- The County should properly oversee cash collections and sales on behalf of a County project.
- Internal controls should be implemented to secure funds collected.

County Management Response:

“Donations will only be accepted at a County intake point with a cash register so that each donation is accounted for properly and receipted. The County will oversee cash collection for County projects.”

Freedom Memorial Task Force Response:

“This has been corrected with all collection boxes removed.”

8) Purchasing card expenditures were charged to the incorrect fund.

100% of the purchasing card transactions were tested for accuracy of the charged fund, completeness of supporting documentation attached, and transaction amounts for the Freedom Memorial project manager.

18 transactions were tested for the fund charged. Two exceptions were noted where the expenditure for Freedom Memorial (Fund 620) was charged the General Fund (Fund 001). Approximately 11% of transactions were charged to the incorrect fund. One transaction was for brick aggregate used for Freedom Memorial construction materials and the second transaction was for flag snaps for the flag pole at the Freedom Memorial site.

As a result of the improper classification, taxpayer dollars were used for costs directly associated with the Freedom Memorial monument. Costs should be appropriately classified to ensure the appropriate source of funding is used for the expenditures.

Recommendations:

- County staff should continue to review purchasing card transactions, supporting documentation, and expense reports to ensure expenditures are properly classified and posted to the proper general ledger account.
- Expenditures associated with the Freedom Memorial monument should be appropriately charged to the Freedom Memorial Fund.

County Management Response:

“The Purchase Card transactions were inadvertently coded to an incorrect account string and funding source. In the future, Purchase Card transactions will be carefully monitored and reviewed on a regular basis for accuracy to ensure proper coding. Correcting journal entries have been processed to properly code the expenditures to the appropriate funding source.”

9) Sales tax on merchandise sales has not been properly collected or reported to Finance or the Florida Department of Revenue.

The Florida Department of Revenue requires sales tax to be paid for merchandise sales. Sales tax is added to the price of the taxable goods and collected from the purchaser at the time of sale. Qualified non-profit organizations may not be required to pay sales tax, but must file with the Florida Department of Revenue for Exemption. The Freedom Memorial Task Force has not filed forms with the Florida Department of Revenue and does not appear to be exempt from sales tax regulations.

The Freedom Memorial Task Force is recording sales of merchandise; such as t-shirts, pins, and decorative coins, to raise funds for construction of the Freedom Memorial monument. The goods appear to be subject to sales tax; however, the Freedom Memorial Task Force has not charged sales tax on merchandise sales. No sales tax has been collected or reported to Finance; therefore, sales tax has not been remitted or reported to the Florida Department of Revenue for these transactions.

Activity reports maintained by Freedom Memorial Task Force members indicate merchandise is sold and given away in return for donations received for the Freedom Memorial project.

Recommendations:

- The Freedom Memorial Task Force, if established as an entity, should report sales to the Florida Department of Revenue or obtain an exemption certificate.
- The Freedom Memorial Task Force should properly charge and report taxable sales for any sales of merchandise subject to sales tax regulations.

County Management Response:

“The County will work with the County Attorney for appropriate resolution.”

Freedom Memorial Task Force Response:

“We will consult with the County Attorney to attain the appropriate legal status.”

10) Inventory has not been tracked and lacks supporting documentation.

County staff purchased merchandise and provided the merchandise to the Freedom Memorial Task Force who subsequently sold or gave away the merchandise, including t-shirts, pins, and decorative coins. The merchandise has been purchased through purchase orders.

On December 5, 2012, a Freedom Memorial Task Force member/volunteer said official and documented physical counts of the merchandise have not been completed. He indicated inventory sales and remaining inventory are verified and validated to the purchase orders, but no documentation is maintained. Consequently, no audit of information could be performed.

Without maintaining records for inventory, tracking sales and inventory, and monitoring, the merchandise inventory is susceptible to theft and/or misappropriation.

Recommendations:

- Inventory (merchandise) should be reconciled with purchases.
- Proper documentation and records should be maintained for all sales and inventory.

County Management Response:

“An inventory will be completed. In the future, the County will maintain proper inventory records for promotional activities and complete annual inventory reconciliations.”

Freedom Memorial Task Force Response:

“An inventory is being conducted and accounting procedures being corrected.”

11) Lack of an Audit Trail

The State of Florida General Records Retention Schedule for State and Local Government Agencies provided for the minimum retention periods as set forth by federal and state regulations, general administrative practices, and fiscal management principles. The records retention schedules are issued by the Department of State in accordance with statutory provisions, Florida Statute Chapter 119 and 257. Activity reports have not been properly retained.

Item 365 Receipt/Revenue Records: Detail states “The series may include, but is not limited to records such as cash collection records and reports, cash receipt books, cash register tapes, deposit/transfer slips...and related documentation.” Retention for record copies is “5 fiscal years provided applicable audits have been released.”

The Freedom Memorial Task Force has not maintained cash records and reports for all transactions. Records have not been maintained for inventory reconciliations and supporting sales documentation.

Florida Statute 219.02(1) states “It shall be the duty of each officer to issue a receipt for each collection of public money made by him or her, a copy of which receipt shall be retained by the officer.”

Florida Statute 219.04 requires each officer to keep a cash book wherein shall be entered daily, all receipts and disbursements of public money by item or by summary of itemized entries. The cash book shall be balanced and show the amount of money on hand.

The Freedom Memorial Task Force did not provide receipts for merchandise sales. It does not appear receipts have been maintained. Receipts were not available for cash donations. Activity reports documenting the transactions were not provided for all events.

Without records for cash on hand, the Freedom Memorial Task Force is susceptible to theft and loss of donations/revenue. When receipts are not issued to customers, the potential for fraud and/or theft exist. Without proper documentation and receipts, a proper post-audit trail does not exist.

Without a proper audit trail, the County may be in violation of Florida Statute and may not have properly recorded revenues and donations. Proper records must be available to document activity.

Recommendations:

- All documentation and support should be maintained according to the State of Florida General Records Retention Schedule and comply with Florida Statute.
- Receipts should be issued to customers for all transactions.
- Proper documentation should be maintained and used to document activity.

Freedom Memorial Task Force Response:

“The procedure recommended has been implemented and will be maintained.”

Conclusion

The Freedom Memorial monument is still under construction, fundraisers are actively being held by the Freedom Memorial Task Force, and donations are being collected to fund the project. Proper controls should be put in place to ensure all donations to the project are tracked and deposited to the Freedom Memorial fund to ensure the project receives all intended resources to continue the construction and complete the project.

It does not appear the County is properly overseeing the Freedom Memorial project. The County does not have control, tracking, or monitoring mechanisms in place for donation collections, merchandise sales, or inventory. When the County is the owner and operator of a project, the County should ensure the proper controls are in place to limit risk, error, and misappropriation of funds.

Audits do not relieve management of their responsibilities. It is the responsibility of County management to understand and implement the proper procedural controls in order to reduce and limit the risk of fraud, error, and misappropriation of County assets. Internal Audit may recommend improvements in audit reports, but ultimately it is the duty and decision of County management to formulate processes and controls that ensure compliance with federal, state, County ordinance, and County policies.

Additional County Management Comments:

“Management will work with the County Attorney for resolution and implement any necessary controls as a result of final resolution.”

Additional Freedom Memorial Task Force Comments:

“The Freedom Memorial Task Force will follow the Clerk of Courts and County Attorney's recommendations and establish controls so the project can be successfully completed.”

Internal Audit Comments:

Collier County owns, operates, and manages the Freedom Memorial project. The County should establish appropriate controls and provide oversight for the Freedom Memorial project including cash handling and related operations. The County should oversee and provide guidance for the activities conducted by the Freedom Memorial Task Force.

The Freedom Memorial Task Force is not a registered entity with the State of Florida and is not recognized as a 501(c)3 organization. The Clerk's Agency is the custodian of County funds. County funds should only be collected by the County. Private funds may be collected by private entities and donated to the County.

Internal Audit acknowledges and appreciates the cooperation and assistance from County staff and the Freedom Memorial Task Force.