



## Inspector General Insights

**Background:** Operations & Veteran Services staff requested assistance from the Office of Inspector General (OIG) in relation to a revenue contract. The purpose of the contract is to provide vending machine services to Collier residents and employees at various Collier County locations. County staff experienced issues in obtaining adequate documentation from the vendor to support their revenue payments remitted to the County.

**Objective:** Our objectives in this Consulting engagement included the following:

1. Validate that revenue payments and related transactions are accurate and complete, and
2. Provide recommendations to improve the process as required.

**Scope/Methodology:** We reviewed commission statements from September 2021 to March 2023 against payments received. The calculation methodology was validated against the contract agreement. On average, the County collects approximately \$3,000.00 in revenue each month from vending machine sales.

### **Observations:**

#### What's Working:

- ✓ County staff are actively working with the vendor to improve the process and obtain adequate detail to support the accuracy and completeness of revenue payments.

#### Needs Improvement:

- The vendor had not provided a product/price list as required per the contract.
- The vendor had not provided regular updates on vending machine locations.
- The vendor had not provided a refund report as required per the contract.
- The vendor was not timely providing payments or monthly statements.
- The reported 'Tax Collected' amount on the reports contained other revenues which are excluded from 'Total Sales'. Revenue should be based on total gross sales per the contract.



- The vendor did not timely present a direct pay permit, to establish that they were directly remitting sales tax to the State.
- Sales and Use taxes were being collected on tax-exempt revenue.

**Recommendations & Actions:** The OIG advised County staff on various transaction information that the vendor should be providing to support the monthly revenue payments. County staff is actively working with the vendor to obtain the information required.

In July 2023, the OIG established that the vendor had a valid direct pay permit for sales tax collected. The OIG consulted with the County and Clerk staff regarding the reconciliation process and required accounting treatment; these resulting changes were implemented in the following month.

**Conclusion:** The OIG commends County staff for bringing this issue to our attention, as well as the Clerk's Finance staff for their assistance. Our role was advisory, and we did not test the controls involved in this process. Therefore, no opinion will be issued at this time.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	# Observations / Recommendations
407	\$ 131,065.89	N/A	N/A	2