Audit Report 2003 - 3

Collier County Museum Department
Collier County Museum Department

Background Information

Audit Purpose, Objectives, & Scope

The purpose of this audit was to review Collier County Museum Department operations at each of the three locations: Naples (The Collier County Museum), Everglades City (The Museum of the Everglades), and Immokalee (Roberts Ranch Historical Site).

The audit objective was to determine whether the Museum Department is being operated in accordance with County policies and procedures.

The scope of the audit covered Museum Department functions during the fiscal year 2002.

Audit Methodology & Procedures

The audit was performed in accordance with generally accepted government auditing standards. Internal Audit interviewed Museum and County staff, and certain members of the non-profit support group, The Friends of the Museum. Internal Audit reviewed policies and procedures, agreements, statutes, ordinances and resolutions. Internal Audit also examined related documentation for accuracy and pertinent compliance.
Established in 1977, the Collier County Museum preserves and interprets the history, archaeology and development of Florida’s “last frontier.” The original facility in Naples has grown to a five-acre historical park exploring over 10,000 years, offering a full range of educational exhibits, family activities and cultural programs. The Collier County Museum has expanded to include three locations: Naples, Immokalee Pioneer Museum at Roberts Ranch and The Museum of the Everglades.

The Museum Department is restoring the ranch buildings in Immokalee and developing approximately 15 acres for the future as a living history museum. This work is scheduled for completion in 2005. Nineteen historic structures tell the story of the pioneer families of this still untamed area perched on the edge of Big Cypress Swamp and the Everglades. When the restoration is complete, visitors should have a new understanding of pioneer life in southwest Florida.

The Museum of the Everglades, the County’s first satellite museum, was officially dedicated in Everglades City on April 26, 1998. The museum is housed in a building that once served as the town’s laundry and now is a showcase for our rich and colorful history. The Museum displays artifacts and photographs telling the story of 2,000 years of human habitation in southwest Everglades.

The Museum Department is in the Public Services Division of Collier County Government, with a staff of eight full-time and one part-time person for all three museums. Its budget has increased from $344,400 in fiscal year 1998 to $923,300 in fiscal year 2002, at the same time adding two additional facilities.

The Museum Department estimates annual attendance of 55,000, volunteer hours totaling 10,000, and 302,000 web site visitors. They have responded to over 1,240 research requests for information on the history and archaeology for Collier County. The Friends of the Museum provide ongoing volunteer hours and professional support for many of the Museums’ educational, cultural and public programs, minor capital improvements and collections acquisitions. The Friends receive revenue from Museum visitor donations, memberships, corporate and individual donors, sponsored fund raising events, grants from charitable foundations and from sales of items in the gifts shops located in the Museums.

The Museum Department obtains the majority of funding through Tourist Development Tax (TDT) revenues. For fiscal year 2002, the Board of County Commissioners’ TDT ordinance granted the Museum an amount not to exceed 19% of the 2% collected for Category C-1, County owned and operated museums.
A review of events regarding construction of the new roadway along Roberts Ranch Museum in Immokalee raises some issues of concern. Ordinance #92-7, which covers rezoning for the Roberts Ranch Estate, including the Museum plot, reads as follows: *This project shall be designed for central water and sewer systems. No individual septic tanks or potable water supply wells shall be permitted.*

At a September 25, 2002, meeting, the contractor, architect, engineer, Transportation and Museum staff agreed that the utility lines as designed by the project consultant would be constructed, and that the Museum had the funds to complete the sewer installation. The Transportation Project Manager copied the minutes of this meeting to the Transportation Division Administrator (Exhibit A). The Public Services Division Administrator had also given direction to “stop the project and get the utility lines in” (Exhibit B), however, he did not pursue this to completion.

The project was put off until the last month of the five-year deadline set forth in the Planned Unit Development (PUD), and the County Manager instructed the Transportation Operations Department to complete construction of the road. Internal Audit noted from differing sources that it had been said the Transportation Division builds roads, not sewers, indicating the lack of communication and coordination between departments.

The master plan for constructing Roberts Ranch Museum called for a sewer line adjacent the newly constructed 11th Street in Immokalee but the master plan was not followed, and the road was constructed without the sewer line. The Museum utilized the County’s design firm for the master plan at Roberts Ranch to coordinate the sewer and road construction. The Museum budgeted for the sewer, however, Transportation Operations did not have the contractor construct the sewer, and now in the opinion of the County’s Senior Project Manager, “The utility work will end up being a lot more expensive down the road” (Exhibit C).
**Recommendation**

1) The County should follow established procedures to coordinate capital expenditures involving work between departments in order to prevent the impairment of subsequent related projects.

2) The County should have the sewer lines installed in accordance with the Museum Master Plan and the PUD reference in Ordinance #92-7.

**Certain County Credit Card Purchases Violated Policy & Law**

Collier County credit card policy prevents users from charging personal items, food, fuels, and phone charges, among other things, to County credit cards (Exhibit D). Further, Article VII, Section 10, of the Florida Constitution prohibits counties from using their credit to aid any corporation, association, partnership or person (Exhibit E). During fiscal year 2002 one former Museum employee charged a number of purchases to a County credit card without providing receipts as back-up documentation to show their appropriateness. This same employee also charged over $200 to a County credit card for meat for a Museum support group’s fund raising event. This former employee apparently either did not understand or was indifferent to policies:

- Restricting items eligible to be charged,
- Requiring documentation of charged purchases, and
- Preventing use of County credit for the benefit of private groups or individuals, even if later reimbursed. In the case of the $200 expenditure noted above, the reimbursement was not requested until brought to the Museum’s attention by Internal Audit.

**Recommendation**

In January 2003, the Purchasing Department issued new policies & procedures for County credit card use. However, Purchasing did not send these updated policies & procedures to all existing holders of County credit cards. Since knowing these improved policies & procedures may reduce the risk of their future violation, Purchasing should disseminate them to all County credit card users.
County Credit Card Payment Duplicated in Error

In another instance noted in the test sample of County credit card payments, the Finance Department paid for the purchase of a Complete Photographer’s Camera Bag twice. The Museum employee’s Activity and Payment Log, which generates the request for payment, showed the correct amount. However, the Finance employee who totaled these logs added the amount for this purchase twice. It appears this occurred because the back-up documentation attached to the payment request included the original order receipt and a second document of order confirmation. The Finance employee did not look into the difference between the Activity and Payment Logs and their supporting documentation. Internal Audit brought this to the Finance Department’s attention, and they are in the process of recovering the amount of the overpayment.

Recommendation

The Finance Department should recover this overpayment.

Monetary Responsibilities Between the Museum and The Friends of the Museum Need to be More Clearly Defined.

Even with the cordial relationship afforded The Friends of the Museum, there appears to be a need for better controls over handling of the cash generated by donations to The Friends and from Museum gift shop sales.

Museum employees collect donations for The Friends, keep records of the amounts of donations, and transport these donations to The Friends’ bank to deposit to The Friends’ accounts. Museum staff forwards the amounts of Friends donations and sales receipts from satellite museums to the Main Museum for deposit. It is not until then that the amounts of deposits are calculated. There appears here a risk that not all funds are being properly accounted for. Internal Audit questions whether County staff should be performing functions placing staff at risk dealing with these funds.
Internal Audit reviewed The Friends of the Museum accounts but could not verify total gift shop sales, as the cash register does not generate an internal sale register tape to confirm the transactions.

**Recommendation**

1) The Board of County Commissioners and The Friends of the Museum should execute an agreement that more clearly defines their duties to each other regarding the collection of donations, gift shop and other revenues.

2) The Museum’s gift shop register should be replaced with one that provides sales receipt tapes to allow proper verification of gift shop sales.

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**Everglades Museum Petty Cash Count Over**

Internal Audit conducted surprise counts of the three petty cash funds assigned to the Museum Department. The count of petty cash at the Everglades Museum found that the amount was over the correct balance of $50. The Clerk’s Accounting Procedures Manual states that petty cash funds must be kept in a separate cash box that can be locked (Exhibit F). The County’s petty cash fund at the Everglades Museum is commingled in the same lock box as donations for The Friends. This lack of segregation of these funds clouds any control over this money.

**Recommendation**

1) The County’s petty cash fund should be kept in a separate locked box apart from The Friends donations and other receipts.
Collier County Museum Department

Conclusion

Internal Audit has disclosed certain policies, procedures and practices that could be improved. Except as noted in this report, Internal Audit concludes that the financial transactions were processed and reported accurately, and County assets are adequately protected. We conclude that monetary activities involving County staff with The Friends of the Museum need to be documented, controlled and approved by the Board, and all financial activities with The Friends should be well defined and segregated from County government operations.

Management Response

We appreciate the care and attention that went into preparing the recent audit of the Collier County Museum. The issues and findings that the Internal Audit Department have brought to our attention are, in the main, relatively minor in nature and will be corrected in short order. The Friends of the Museum are also cooperating fully with implementing your recommendations and have already replaced the gift shop register, purchased additional cash boxes, and instituted new procedures to collect and deposit donations and sales income.

We thank you again for your careful analysis, and for making the Museum’s audit such an informative and positive project.

Sincerely,

Ron Jamro

Director, Collier County Museums
Collier County Museum Department

Exhibits

A) - Email from Julio Ordonez – September 25, 2002
B) - Email from John Dunnuck – September 23, 2002
C) - Email from Julio Ordonez – September 19, 2002
D) - Collier County Credit Card Policy – Page 1 – Account Restrictions
E) - Constitution of the State of Florida – Article VII – Section 10 – Pledging Credit
F) - Collier County, Clerk of Courts – Accounting Procedures Manual – Petty Cash
Greg:

We (Bob Tipton, Dan Hall and myself) met with the Museum representatives (Ron Jamro and Charley Abbott), the Contractor (Jim Stern and Chuck Malloy), Wilson Miller (Jared Brown) and Law Engineering (Jo Tucker) to review the issue of adding utility work to the North 11th Street Extension project. The utility work consists of a Water Main connection and a Gravity Main. The following is a summary of the items discussed:

1) Adding the utility work to the project now will delay the completion of the roadway work three to four months. We need 20 days to re-design and prepare permit packages, 45 days to coordinate with the Immokalee Water and Sewer District and 45 days to have the permits issued.

2) The following scenarios for the utility work were discussed:

- Option 1: Continue road construction without utilities. The museum could have to get utility services from existing lines on Roberts Avenue; however, this is not consistent with the museum master plan.
- Option 2: Construct utility lines as designed by the project consultant. Roadway plans currently include show utility lines to be constructed by others. The museum has $44,000 in FY03 for improvements that may be enough to do the work. APAC will submit a cost proposal for construction. Proposals from the consultants will be also submitted by Wilson Miller (design and permitting) and Law Engineering (inspections).
- Option 3: Construct a gravity main to service the museum property only at a higher elevation (shallow trench). The cost is going to be slightly lower since the connection to the existing sewer manhole on Roberts Avenue is required more than 13 feet deep.
- Option 4: Construct a grinder pump inside the museum and connect it to existing gravity line on Roberts Avenue. This is the cheapest option but it will service near term improvements within the museum.

3) It was agreed upon proceeding with costing out Option 2. Ron Jamro stated that this is their preferred option since it is in compliance with the Roberts Museum master plan. Furthermore, this option ultimately will provide service for more property within the Roberts PUD. APAC, Wilson Miller and Law Engineering will submit their proposals by Monday, September 30. We will determine if additional funds are required at that time.

4) APAC will continue working on the roadway portion between SR 29 and station 8+50 (approximate location of the museum south property line) while the issue of the utility work is resolved. They will come back to finish the north half of the road within four months or so.

Julio
Ron,

I have been in contact with Norman since Thursday and the last direction given to Julio was stop the project and get the utility lines in.

JD
Ron,

I called the road contractor (Chuck Melloy, APAC) to discuss the project schedule. They are planning to do the base work and paving next week or so.

I also talked to the consultant (Jared Brown, WilsonMiller) to discuss the issue of the utility work. He said that they are pulling permits now, but the gravity main will have to be constructed TEN FEET deep after the road is constructed. The utility work will end up being a lot more expensive down the road.

Have a good day.

Julio
ACCOUNT DESCRIPTION

The Visa account for the procurement program is a charge number issued in the name of the employee and is unique to the employee.

AUTHORIZED PURCHASES

1. Materials/services, except those described as being restricted, may be ordered from suppliers. At the Department Director and Purchasing Department Program Administrators request, Bank of America has blocked authorization for certain types of suppliers for which Purchasing does not approve for this program.

2. Orders are to include only items that are to be charged directly to a department expense.

3. The expenditure limit for this program is $500.00 for each transaction with a monthly limit of $___________.

ACCOUNT RESTRICTIONS

The following items are excluded from this program:

- Personal purchases or cash withdrawals
- Gasoline, fuel or oil
- Telephone charges
- Food
- Items available on County Contracts
- Or items where blanket Purchase Orders are in place.

OPENING OF ACCOUNTS

The Department Director shall complete a Purchasing Card Request Form for each person that he wishes to have a charge card. The form may be found on the Purchasing website (click on forms button). The card will be issued in the name of the employee. There will be no check on the personal credit of the employee and the credit history associated with any subsequently issued account will have no effect on the employee’s personal credit rating.
CONSTITUTION OF THE STATE OF FLORIDA AS REVISED IN 1968 AND SUBSEQUENTLY AMENDED

The Constitution of the State of Florida as revised in 1968 consisted of certain revised articles as proposed by three joint resolutions which were adopted during the special session of June 24-July 3, 1968, and ratified by the electorate on November 5, 1968, together with one article carried forward from the Constitution of 1885, as amended. The articles proposed in House Joint Resolution 1-2X constituted the entire revised constitution with the exception of Articles V, VI, and VIII. Senate Joint Resolution 4-2X proposed Article VI, relating to suffrage and elections. Senate Joint Resolution 5-2X proposed a new Article VIII, relating to local government. Article V, relating to the judiciary, was carried forward from the Constitution of 1885, as amended.

Sections composing the 1968 revision have no history notes. Subsequent changes are indicated by notes appended to the affected sections. The indexes appearing at the beginning of each article, notes appearing at the end of various sections, and section and subsection headings are added editorially and are not to be considered as part of the constitution.

ARTICLE VII  FINANCE AND TAXATION

SECTION 10. Pledging credit.--Neither the state nor any county, school district, municipality, special district, or agency of any of them, shall become a joint owner with, or stockholder of, or give, lend or use its taxing power or credit to aid any corporation, association, partnership or person; but this shall not prohibit laws authorizing:

(a) the investment of public trust funds;

(b) the investment of other public funds in obligations of, or insured by, the United States or any of its instrumentalities;

(c) the issuance and sale by any county, municipality, special district or other local governmental body of (1) revenue bonds to finance or refinance the cost of capital projects for airports or port facilities, or (2) revenue bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants to the extent that the interest thereon is exempt from income taxes under the then existing laws of the United States, when, in either case, the revenue bonds are payable solely from revenue derived from the sale, operation or leasing of the projects. If any project so financed, or any part thereof, is occupied or operated by any private corporation, association, partnership or person pursuant to contract or lease with the issuing body, the property interest created by such contract or lease shall be subject to taxation to the same extent as other privately owned property.

(d) a municipality, county, special district, or agency of any of them, being a joint owner of, giving, or lending or using its taxing power or credit for the joint ownership, construction and operation of electrical energy generating or transmission facilities with any corporation, association, partnership or person.

COLLIER COUNTY
CLERK OF COURTS
ACCOUNTING PROCEDURES MANUAL
For The Board of County Commissioners

SUBJECT: Petty Cash

PURPOSE
To establish policies and procedures for petty cash purchases.

POLICY
1. Petty cash funds are established for the purpose of handling cash expenditures of a minor nature. With the exception of freight or parcel post charges, expenditures are limited to $25.00.

2. Purchases of more than $25.00, but less than $300.00, will be submitted for payment using a Field Purchase Order.

3. Certain departments that have received written permission from the Clerk’s Finance Director because of the nature of their operation, may exceed the limits established for the petty cash fund in specific circumstances.

4. Checks are not to be cashed from the fund.

5. The only travel expenses which can be reimbursed through petty cash are for toll charges which occur on a day trip within 200 miles of the County.

6. Sales tax will not be reimbursed from the fund. Personnel making purchases must use the County or agency tax exempt number and give it to the vendor upon request.

7. I.O.U.’s by employees or the custodian will not be authorized.

8. Only the person designated the custodian or the alternate custodian should be permitted access to the fund. The fund must be kept in a separate cash box that can be locked or in a locked desk. The cash box must be kept in a safe or other secure place.