

# LEU GARDENS FISCAL OPERATIONS AUDIT

Exit Conference Date: September 14, 2018

Release Date: October 12, 2018

Report No. 19-02

## City of Orlando Office of Audit Services and Management Support

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## MEMORANDUM OF TRANSMITTAL

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**To:** Robert Bowden, Leu Gardens Executive Director

**From:** George J. McGowan, CPA   
Director, Office of Audit Services and Management Support

**Dates:** Exit Conference: September 14, 2018  
Release: October 12, 2018

**Subject:** Leu Gardens Fiscal Operations Audit (Report No. 19-02)

The Office of Audit Services and Management Support performed an audit of the processes and controls over Leu Gardens Fiscal Operations. The audit objectives were to determine if reliable accounting data is reported to management in a timely manner and determine if current policies and procedures for the Gardens' financial operations are sufficient.

We conducted this performance audit 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.

The following report contains the issues identified during the audit, recommendations for improvement and management's replies regarding actions taken/planned to be taken with respect to the identified issue.

We appreciate the cooperation and courtesies extended by the staff of Leu Gardens and the Orlando Venues Department during the course of this audit.

GJM/PG

c: The Honorable Buddy Dyer, Mayor  
Walter A. Johnson, Chief Venues Officer  
Jody Litchford, Deputy City Attorney  
Craig Borkon, Venues Special Project Manager  
Clyde Boutte, Venues Business Division Manager

## SUMMARY OF RECOMMENDATIONS, MANAGEMENT RESPONSES AND ACTION PLAN



		MANAGEMENT RESPONSE & ACTION PLAN				
#	RECOMMENDATIONS	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	ACTION PLAN	TARGET DATE
1.	The Accounting Specialist should act as an independent administrator of the gift shop and lead and approve the physical inventory and correct the records for the items carried in the gift shop inventory.	X				N/A
2.	The Accounting Specialist should oversee the updating of inventory information in Altru to reflect a corrected value of inventory on hand in the gift shop.	X				N/A

		MANAGEMENT RESPONSE & ACTION PLAN				
#	RECOMMENDATIONS	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	ACTION PLAN	TARGET DATE
3.	The Accounting Specialist should ensure that all receipts are deposited in a timely manner.	X				N/A
4.	All Leu Gardens accounting personnel should be given the time and necessary training to learn the Altru system.	X				N/A
5.	Gardens management should act to secure the sensitive personal information of patrons by changing its office access or acquiring secure files for storing such information.	X				N/A

		MANAGEMENT RESPONSE & ACTION PLAN				
#	RECOMMENDATIONS	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	ACTION PLAN	TARGET DATE
6.	Management should identify each staff member that currently processes payments and ensure that each person has been polygraph tested in accordance with City policy.	X				N/A
7.	The Accounting Specialist should develop a policies and procedures manual for the fiscal operations of Leu Gardens.	X				N/A



# **ISSUES, RECOMMENDATIONS AND MANAGEMENT ACTIONS**



### BACKGROUND

The Office of Audit Services and Management Support performed an audit of the processes and controls over Leu Gardens Fiscal Operations. The audit objectives were to determine if reliable accounting data was reported to City management in a timely manner and determine if current policies and procedures for the financial operations of the Gardens were sufficient.

Harry P. Leu Gardens is a semi-tropical and tropical gardens in Orlando, Florida. The Gardens contain nearly 50 acres of landscaped grounds and lakes, with meandering trails shaded by 200-year-old oaks and forests of camellias. Leu Gardens is open to the public.

A 15-acre section of the park is a U.S. historic district. As such, it is known as the Mizell-Leu House Historic District (or Leu Botanical Gardens and Leu House Museum.) Due to Hurricane Irma in September 2017 the museum has been closed for renovations.

Harry P. Leu Gardens hosts many events such as garden tours, weddings, plant clinics, plant sales, reading story time, movie nights, and allows the public to reserve meeting rooms in the Garden House. In fiscal year 2016-2017, per the Leu Gardens Executive Director, 187,000 visitors passed through Leu Gardens. Leu Gardens operates with a staff made up of an Executive Director, a senior administrative assistant, two event coordinators, nine horticulturalists, one volunteer and membership coordinator, one gift shop staff/front desk manager, and seven part time gift shop/front desk staff members, an accounting specialist, and one horticultural education supervisor. As of April 2018 Leu Gardens also engaged 103 volunteers that assist with tours and answering questions from the general public who visit the Gardens.



## **OBJECTIVES AND SCOPE**

The audit objectives were to determine if reliable accounting data is reported to management in a timely manner and determine if current policies and procedures for the financial operations are sufficient.

The scope of this audit focused on revenue activity during calendar years 2017 and 2018. We also reviewed the qualifications of the administrative assistant to the Director and the accounting specialist to determine the appropriate position to manage day-to-day accounting operations. Additionally we conducted tests to confirm that Leu Gardens transacted business in accordance with its established policies and procedures.

In our opinion, Leu Gardens has not consistently supplied reliable accounting data to management and does not have adequate documented policies for its financial operations.

## **METHODOLOGY**

We interviewed staff members to gain an understanding of the procedures used to manage the facilities booking process and the gift shop. We reviewed the processing of daily and event revenues. We benchmarked Leu Garden's accounting and booking system (Altru) against the newly acquired accounting and booking system used by the Families, Parks and Recreation Department (Active Network). We assessed the usefulness and utility of the Altru system.

As result of these activities, we have identified opportunities to improve operations at Leu Gardens.

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## ISSUES AND RECOMMENDATIONS

### **Conduct a regular physical inventory of the gift shop.**

We conducted a physical count of inventory items in the gift shop. We selected a sample of forty items and conducted a shelf to book reconciliation. Of the forty items tested, we were only able to reconcile six items. We reviewed the inventory report published from the Altru system and learned that there many items with negative quantities which result in negative dollar values for inventory. We further analyzed the report and determined that there are 2,580 types of inventory products and of those 465 inventory items or 15.2% of the products had negative quantities. Obviously, the value of the items in the gift shop have a higher value than the report indicates. Management asserted that a physical inventory was last conducted three years ago. A regular physical inventory count is important to ensure the gift shop is operating properly and profitably and does not stock obsolete or unwanted items. Other benefits of a physical inventory are to control shrinkage which may be due to loss, damage or theft. An accurate inventory count also helps improve the efficiency of Leu Gardens in acquiring or changing inventory stock. An accurate inventory management system helps staff save time and serve the customers better. Instead of having to check the stock room to see if a product is available, they can trust the system's inventory data and focus on serving the client.

### **Recommendation 1**

We recommend that the Accounting Specialist act as an independent administrator of the gift shop and lead and approve the physical

inventory and correct the records for the items carried in the gift shop inventory.

**Management Response**

Concur.

**Recommendation 2**

We recommend that the Accounting Specialist oversee the updating of inventory information in Altru to reflect a corrected value of inventory on hand in the gift shop.

**Management Response**

Concur.

**Some cash deposits are not processed in a timely manner.**

During our interviews with staff, we learned that a security company comes to pick up deposits three times a week. This process was recently changed to increase the safety of employees, reduce the risk of loss and ensure timely deposits to the bank.

During our review of cash receipts, we found that on May 18, 2018, three check receipts were brought to City Hall for processing outside the normal daily cash collection process of the Gardens. We researched these checks and learned that they were received at Leu Gardens on January 12, February 26, and March 13, 2018, respectively. The checks were for reimbursements to Leu Gardens for travel by the Director to consult with other public gardens. We were informed that the administrative assistant did not know the procedures for depositing these types of payments. Since this

occurrence, the administrative assistant has received training on the procedures.

All checks received by Leu Gardens should be timely and properly deposited and recorded in the City's fiscal system.

**Recommendation 3**

We recommend that the Accounting Specialist ensure that all receipts are deposited in a timely manner.

**Management Response**

Concur.

**Encourage staff to learn  
Altru Revenue System.**

During our audit we had the opportunity to speak with several staff members to get their opinions on the existing revenue and booking system, Altru. Unfortunately, we did not receive favorable feedback about the system. The system has been in place for three years and to date the staff has a basic working knowledge of the system but no one has a thorough understanding of the system and its complete capabilities. We were told on numerous occasions that staff does not have time to thoroughly learn the system.

Given the age and cost to implement this system, it is important for the staff to utilize it to its highest capability. In our research into Altru, we learned that it was designed specifically for aquariums, gardens, museums and zoos. It is a comprehensive ticketing,

membership and fundraising solution which seems to be underutilized at this time.

We learned that the Administrative Assistant with Mennello Museum was involved in the initial purchase of Altru for Leu Gardens and is familiar with its operation. It may be fruitful to involve this department partner in a knowledge-sharing process to enhance the use of the system by Leu Gardens' staff. In addition, staff should join any software user groups such as The New Altru Community. These groups share experiences with the software. We learned that a conference is scheduled in Orlando in October 2018 for users of Altru and we encourage Gardens' management to give staff the opportunity to attend this conference to network with other users to gain best practice knowledge on the use of the software.

**Recommendation 4**

We recommend that all Leu Gardens accounting personnel be given the time and necessary training to learn the Altru system, including through any available online or in-person training events.

**Management Response**

Concur.

**Stronger safeguards  
needed to protect  
Personally Identifiable  
Information (PII).**

We met with the Leu Gardens Event Coordinator to discuss the process of booking facility rentals. We discussed the documents gathered during the reservation process. We observed that the facility use contracts contain the credit card numbers of the patron

booking the facility. This information is sensitive personally identifiable information (PII) and should be properly controlled. The Event Coordinator explained that once each contract is fully executed (paid in full) the personal information is redacted from the contract. However, we observed that between the initial deposit and subsequent balance being paid in full, the contract kept on file has this sensitive data written on it. This procedure became more questionable after we learned that all Gardens staff has access to the facility use contracts through the use of a master key.

Safeguarding PII information is very important. Regardless of how the data is lost, the cost of a data breach can be huge. Fines are one of the most widely-known consequences of misusing personal data. However, the consequences extend further and include reputation damage and loss of customer trust.

**Recommendation 5**

We recommend that Gardens management act to secure the sensitive personal information of patrons by changing its office access or acquiring secure files for storing such information.

**Management Response**

Concur.

**All staff who process payments have not**

During the audit we met with the Leu Garden Membership Specialist to gain an understanding of the volunteer and membership program. During our discussions with the Membership Specialist we learned

**submitted to polygraph tests**

that Leu Gardens receives checks in the mail for memberships. The Membership Specialist logs the checks in his drawer and takes the checks to the Gift Shop Manager for inclusion in the deposit.

Per City Policy 808.2 positions handling cash and other receipts are required to submit to polygraph testing. We learned during this inquiry that the Membership Specialist and the Events Coordinator receive payments but have not been subjected to the required polygraph testing.

**Recommendation 6**

We recommend that management identify each staff member that currently processes payments and ensure that each person has been polygraph tested in accordance with City policy.

**Management Response**

Concur.

**Develop policy and procedures manual for all Leu Gardens financial operations**

Leu Gardens offers many activities for the community such as garden tours, weddings, plant clinics, plant sales, reading story time, movie nights, and meeting room reservations. We found during our review that the procedures to govern and control these events are not written. It is a best business practice to develop written policies and procedures for such activities. This is especially true for an organization with management and staff with many years of service to the City. The lessons learned by this seasoned staff should be memorialized in policies and procedures that can be utilized by all staff. It is in the City's best interest to not risk that this important

institutional knowledge is not memorialized for the benefit of future efficient and effective Gardens' operations.

We encourage Gardens' management to pay specific attention to developing policies and procedures for revenue collections, cash drawer balancing, gift shop inventory, bank deposits, and volunteer recruiting. We have found that the Families Parks and Recreation Department's revenue collection and control policies and procedures manual is good guidance for those developing such policies and procedures manual.

**Recommendation 7**

We recommend that the Accounting Specialist develop a policies and procedures manual for the fiscal operations of Leu Gardens.

**Management Response**

Concur.