



Wakulla County Board of County Commissioners Internal Audit Refundable Customer Deposits Review

June 2023

The Internal Audit Department (IA) completed a review of refundable customer deposits for the Parks and Facilities Department (Parks). Parks rents out parks and facilities owned by Wakulla County (County) to customers and requires a damage deposit with the reservation to cover potential damages and cleaning costs. Per County Ordinance 23.007 the amount is set by a resolution. The current resolution is 2022-32 which was passed on May 2, 2022. These refundable deposits range in cost from \$10 to \$250, plus an additional \$500 damage deposit for events with an approved alcohol permit.

The objective of this review is to examine the current process's effectiveness and suggest improvements where necessary. Additionally, the liability account for refundable customer deposits was reviewed from the time period when the account started in April 2020 through April 2023. Because refundable deposits represent money that is owed to others, the County does not want this account to be overstated.

Observations and Recommendations:

Parks has a clearly written procedure for receiving and refunding damage deposits. During the walkthrough staff described a few steps not included in the written procedures. These steps should be incorporated into the written procedure. Parks maintains an excel spreadsheet of customers with reservations and an event binder containing reservation paperwork. This is used to determine deposits that are on file and amounts due as a refund or forfeiture transfer. The spreadsheet is submitted to the Wakulla County Clerk of the Court Finance Department (Finance) to reconcile the transactions that occurred each month. Overall, there was a clear understanding by those involved and a desire to make the process as effective and efficient as possible.

A comparison was done between the balance in the liability account listed in Finance's accounting software (MIP) and the Parks list of reservations. Based on this comparison, it was determined that the balance of \$6,625 was found to be higher than expected. There was \$4,045 in the liability account that should have been refunded to the customer or transferred out due to deposits being forfeited for damage or cleaning costs. This calculation was determined by the event date information on Parks' list of reservations.

Below are recommendations to help increase the effectiveness and efficiency to the refundable damage deposit process.

1. Clean up the liability account by reviewing the outstanding deposits of \$4,045 referenced above and submit refund or transfer requests to Finance.

2. When there are multiple events, list only the last event date in the event date column. Add details of other dates to a new column for event date notes. This column needs to be used to sort for when a refund is due and having multiple dates makes this difficult.
3. Do not add anything other than the date to the columns containing a date (e.g., MR has been added to some dates). Finance uses this to sort which refunds/corrections Parks shows occurred for the month against entries into MIP. It should also serve as a double check for Parks.
4. If a refund is issued to someone other than the person listed in the 'Name' column on the spreadsheet, record the payee's name in a new column titled 'Refunded To.' Information should only be entered in this column if the name differs from that in the reservation column. There have been a significant number of refunds issued to individuals not listed in the spreadsheet.
5. Have the person checking the disbursement request (DR) double check the information against the spreadsheet details to have a second check on the refund name, receipt number, date, and amount.
6. Make a separate tab for boat slip deposits so they are shown in multiple fiscal years. It appears that these are not being refunded when the year ends.
7. Ensure each event date is included, enabling a check on any customers who may need refunds or have forfeited a deposit.
8. Establish clearer refund policies. Currently, there are a significant number of refunds that remain unprocessed, or that are processed much later after an event, compared to others. A consistent policy is needed. For an example, all DRs are written and sent to the Fiscal Operations Director within two weeks of the event. Determine what is realistic so the policy can be followed even when someone is out. Apply this same policy to forfeited deposits that require a request to be sent the Finance for a transfer from refundable deposits.

Management Response:

Management had the following responses to the recommendations listed above:

1. Parks and Facilities staff is working through the outstanding deposits and plan to complete the process by the end of the fiscal year (September 30, 2023).
2. A new column has been added to the spreadsheet: "Events with Multiple dates."

3. A new column has been added to the spreadsheet: "Moved to Revenue - Amt Transferred."
4. A new column has been added to the spreadsheet: "DR prepared/Refunded to" for when there is a different name from the reservation.
5. This practice has been implemented.
6. A new tab has been added to the excel workbook for Rock Landing Boat Slip Deposits.
7. "Event Date" column had already been added to the spreadsheet by Parks and Facilities staff.
8. Parks and Facilities staff advises the customers that they will receive a refund check in the mail after their event and that the process may take up to 4-6 weeks. Staff typically process the DRs on weekly basis, but there are some occasions when this does not occur. Efforts are being made to have them done as timely as possible. Moving forward, staff will implement the recommendation that "all DRs are written and sent to the Fiscal Operations Director within two weeks of the event".

End of Report