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Internal Audit Purpose and Authority

The Internal Audit activity is established as a responsibility of the Clerk of the Circuit Court and Comptroller by the Florida Constitution Article VIII, §1, cl.(d), as the “ex officio clerk of the Board of County Commissioners, **auditor**, recorder and custodian of all county funds” [emphasis added]. The audit activity is administered on the Martin County government organizations of the Clerk of the Circuit Court and Comptroller and its functional divisions, and the Board of County Commissioners and its functional divisions as enumerated in the State Constitution, State Statutes, and decisions and opinions of the State Judiciary.

Internal Auditing is an independent and objective activity guided by a philosophy of adding value to improve operations of the government and preservation of public trust. The audit activity assists county government in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's management, control, and governance processes.

The Clerk of the Circuit Court and Comptroller as clerk to the Board of County Commissioners activated the office of Internal Audit to fulfill the audit and investigative responsibilities. To provide for the highest degree of independence, the Internal Auditor reports functionally and administratively to the Clerk and Comptroller who is independent of the Board of County Commissioners.

The following report is the result of an independent internal audit as defined by its objective and scope carried out under the guidelines and standards cited in this memo and is presented for public review. Questions or comments regarding this audit work can be directed to the Clerk of the Circuit Court and Comptroller and or Internal Auditor.



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INTERNAL AUDIT MEMO

TO: TODD FOUST, KIM LEEVE, DEBORAH WERNER
FROM: PAUL SCHMITT, INTERNAL AUDITOR
SUBJECT: SAILFISH SPLASH WATERPARK PROCEDURAL ASSESSMENT
DATE: NOVEMBER 19, 2013
CC: KEVIN ABBATE, TARYN KRYZDA, CAROLYN TIMMANN, FILE

Sailfish Splash Overview

Sailfish Splash Waterpark is designed to fulfill the recreation, fitness, and competitive swimming and diving needs of Martin County and surrounding communities. The waterpark features two four-story water slides, a 1,000-foot lazy river, an interactive water playground, and an Olympic-class competitive swim venue for hosting swim and dive meets.

The park employs approximately 140 seasonal staff including:

- Lifeguards - Skilled position in water safety work in preventing accidents and injuries. This position requires completion of and passing certifications in CPR, Oxygen Administration, First Aid and Lifeguarding.
- Cashiers – Position includes greeting guests, collecting fees, operating a Point of Sale Computer system, and balancing out daily cash drawers. This position requires training and successful completion for point of sale software and money handling training.
- Concession Attendants - This is a food service position that includes preparing hot and cold food and drinks, enforcing facility rules and regulations, cleaning kitchen and concession equipment, rotating and restocking supplies, etc. This position requires the successful completion of the Servsafe food handler course.

Objective and Scope

Assess the processes, procedures, and standard operating practices of the park operations. Obtain and review the policy and procedures for the operation of the park entry gates, concession stands and gift shop. Perform a walk-through of the park and its operations with park management. No substantive audit testing was requested or performed for this review.

Summary

As Internal Auditor, I visited the park on two separate dates to review operational procedures with park management. Prior to the meetings, I reviewed 36 different forms and Standard Operating Procedures provided to me by park management. The numerous documents, forms and manuals covered topics ranging from general employee orientation and training, lifeguard certification requirements, concession operation, safety standards, cashier-operating standards, specific standards for handling water purity, to security and safety of waterpark customers.

Specific Certifications and License include:

- Food handling manager certification
- Servesafe food handler certifications that staff have for working in concession operations
- American Red Cross Lifeguard certification that includes CPR, First Aid and oxygen administration required by all lifeguards
- Water Safety instructor certification required for Senior Guards
- Aquatic Facility operator or Certified pool operator license held by all managers

Annual inspections and operating permits:

- Florida Department of Agriculture and Consumer Services Division of Consumer Service /Bureau of Fair Rides Inspections for The Water Tower, Lazy River, and Waterplay Area (inspections)
- Department of Health Operating permit for the 50 Meter Pool, Lazy River, Leisure Swim (swimming pool), and Learn to Swim Pool
- Board of Health unannounced inspections for concession twice a year

As a significant event and note in this report, the waterpark was burglarized after close of business on Friday, July 5, 2013.

On August 8, 2013, I visited the waterpark in the morning to do a first walk through and observe opening procedures. On August 15, 2013, I visited the waterpark in the afternoon to do a second walk through and observe closing procedures. Through discussion and observation, waterpark management and I reviewed procedures, policy, and practices routinely followed in the daily operations.

Waterpark management stressed safety as a priority for all waterpark operations. As an example, daily in-service training for lifeguard personnel is a normal course of business to ensure that lifeguards are up to date and in practice on important safety topics. A park maintenance specialist performs daily checks of water quality before the park opens for business. The facility manager and staff review lifeguard staffing, functional safety measures, and operational functions daily prior to normal business opening. I observed that the focus on safety is to ensure customers using the park enjoy a comfortable, safe environment.

Security of the waterpark is also a daily focus of the management team and waterpark personnel. Many well-documented procedures and processes are in place to ensure daily sales receipts are accurately accounted for and

safeguarded. The daily deposit and count of sales is performed in a secure location and daily counts are documented. However, the recent burglary provided a sobering test of security.

In my opinion, the numerous security measures in the facility are adequately designed to deter and detect a break-in, however; during the recent burglary, security measures failed to perform as designed. Detective measures designed to alert management of a breach were impaired the night of the burglary. The locations where security breaches occurred had additional detective measures in place (cameras); as well, the cash office safe and cash inside remained undisturbed preventing cash theft. Park surveillance cameras were instrumental in assisting the Martin County Sheriff's Office to pursue arrests. The doors of the cash office and inner office location it resides in were breached. The access point used to break into the building and the park perimeter have the weakest deterrent security. Management has initiated steps to strengthen security to these access points. In my opinion, waterpark management is appropriately responding to the weaknesses identified by the burglary. Additionally, park management continues to provide me updates on their security policy revisions and improvements. They are thoughtfully placing additional deterrent and detection measures in appropriate locations in addition to existing security measures to secure county assets.

I reviewed waterpark operational functions for gate admittance, concession services, and gift shop sales and inventory. These operational areas have well-documented procedures. I observed management and waterpark personnel interacting on operative items during my visits. Based on my observations the checklists, operations forms, and procedures I reviewed were in place and functioning as intended. As a consideration, formal audit procedures can provide additional assurance and strengthen existing controls. I recommend that Internal Audit perform unannounced cash audits and inventory counts at random times throughout the year and produce a written report to management after each audit and a summary of results annually. These audit activities can provide a substantive independent assurance that cash operations and inventory management are regularly executed as designed.

Conclusion

The Sailfish Splash Waterpark facility requires attentive custodianship to ensure the safety and security of waterpark customers and county assets. The 36 policies, procedures, and standards; plus the certifications and licensing are evidence of a great deal of consideration to ensure safety and security at the facility. Waterpark management and personnel behavior strongly supported safety and security policies and procedures through daily application of the policy, procedures and standards. This behavior is most evident in the continued training of the park lifeguards and Servsafe certification of food service workers, which is in addition to licensure for rides, operators and inspections required by state statute.

The burglary was a sobering test of physical security for the waterpark facility. Specific weaknesses were identified, and management has moved to shore-up those weaknesses.

Consistent application of operational standards for gate admission, concession stands, and gift shop were being executed. To help strengthen controls and provide an independent assurance of cash and inventory controls, Internal Audit can perform unannounced audits of these areas over a fiscal year, writing a report to management after each audit and summary annually.

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