

**Follow-up Audit of the
Historical Society of
Central Florida**



**Phil Diamond, CPA
County Comptroller
Orange County, Florida**

www.occompt.com



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Orange County Comptroller's Office

Mission

The mission of the Orange County Comptroller's Office is to serve the citizens of Orange County and our customers by providing responsive, ethical, effective, and efficient protection and management of public funds, assets, and documents, as specified in the Florida Constitution and Florida Statutes.

Vision

The vision of the Orange County Comptroller's Office is to be recognized as a highly competent, cohesive team leading the quest for continuing excellence in the effective safeguarding and ethical management of public funds, assets, and documents.



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September 11, 2024

Jerry L. Demings, County Mayor
and
Board of County Commissioners

We have performed a follow-up audit of our February 2016 Audit of the Historical Society of Central Florida (Report No. 453). The previous audit reviewed procedures from October 2011 through September 2015. In order to test the status of our previous recommendations, we reviewed the period from September 2022 to February 2023.

We conducted this 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.

This report summarizes the current status of the previous recommendations including implementation status and remaining recommended work. The Historical Society Board President provided responses to this information. Additionally, a new recommendation was identified as part of this review. A response from the Director of Community and Family Services follows the new recommendation.

We appreciate the cooperation of Historical Society of Central Florida and Community and Family Services personnel during the course of the audit.


Phil Diamond, CPA
County Comptroller

c: Byron Brooks, County Administrator
Lenny Bendo, Board President, Historical Society of Central Florida
Carla Bell Johnson, Deputy County Administrator
Venerria Thomas, Director, Community and Family Services

HISTORICAL SOCIETY OF CENTRAL FLORIDA FOLLOW-UP AUDIT

Audit Period
September 2022 – February 2023

We conducted a follow-up audit of our February 2016 Audit of the Historical Society of Central Florida (Report No. 453). The prior audit report can be viewed at <https://www.occompt.com/county-audit/audit-reports/>.

There were 28 recommendations in the previous report. Recommendation statuses are summarized in the graph below.

We also identified an additional concern (Page 33) that was not identified in the original audit regarding potential conflicts of interest involving the Executive Director.

RECOMMENDATION STATUS



BACKGROUND

The Historical Society of Central Florida (Historical Society) is a 501(c)(3) entity organized in 1971, which operates the Orange County Regional History Center (History Center) under an agreement (Operating Agreement) with Orange County.

Under the Operating Agreement, Orange County provides and maintains the History Center building. The artifacts and exhibits in the History Center space belong to the Historical Society.





Orange County budgeted \$4.4 million for the operation and maintenance of the History Center building during fiscal year 2024. This includes 19 authorized positions within the County's Community and Family Services Department. Those History Center employees are paid by Orange County Government. The Historical Society funds nine other employees who assist with administration, collections, and visitor experience program areas.

The History Center's Manager is an Orange County Government employee — paid by Orange County and is appointed by the Orange County Mayor. The Manager also serves as the Historical Society's Executive Director and Chief Executive Officer.



PRIOR RECOMMENDATIONS

Recommendation 1A	The Historical Society should review and update current procedures to ensure only authorized individuals are recorded as bank signatories.
 FULLY IMPLEMENTED	The Historical Society updated its Fiscal Policies and Procedures (Fiscal Policies) and assigned responsibility for timely updating authorized signers to its Business and Finance Manager. ¹ We reviewed bank account agreements for all Historical Society bank accounts and determined all five signatories were authorized.
WHAT REMAINS TO BE DONE	No further action required.
Recommendation 1B	The Historical Society should review and update current procedures to ensure bank account reconciliations are timely and accurately performed.
 NOT IMPLEMENTED	<p>Bank reconciliations validate account balances and verify the integrity of data between bank records and internal financial records. Accurate and timely reconciliations should be used to detect fraud, errors, and missing items.</p> <p>The Fiscal Policies require the Business and Finance Manager to complete reconciliations within two weeks after month end. They also state that the Business and Finance Manager research transactions outstanding over 90 days to make any necessary adjusting entries, validate the check sequence, and account for voided checks. The Executive Director is then required to review the completed reconciliations to ensure they are accurate and timely. However, we determined that those policies are not followed.</p>

¹ During the audit, the Business and Finance Manager retired and the position was reclassified as Chief Financial Officer.

We observed the May 2023 reconciliations for the Historical Society's three bank accounts, money market, checking, and Automated Clearing House (ACH). We noted the Business and Finance Manager did not perform all required processes. Specifically:

- Items outstanding more than 90 days were not researched. Two checks dated November 29, 2022, and December 16, 2022, were still listed on the May 2023 reconciliation. There was no explanations why they continued to be outstanding. These checks were outstanding a total of 190 days and 173 days, respectively, when the reconciliation was performed. Additionally, five deposits, from September 19, 2021, to July 29, 2022, were still listed on the May 2023 reconciliation with no explanation why they were still outstanding. These deposits were outstanding between 313 and 626 days at the time of the reconciliation.
- Check sequences were not verified.
- Voided checks were not accounted for during the reconciliation process.

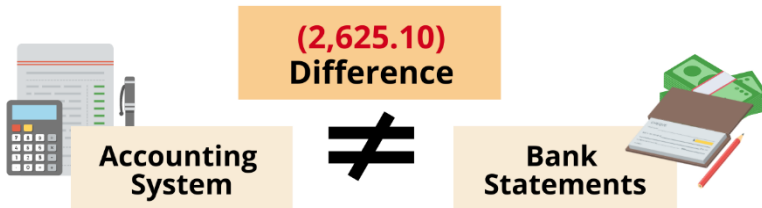
We reviewed an additional three months of reconciliations for all of the accounts and noted the same type of issues for all three months.

Based on previous issues, we expanded our procedures to reperform the February 2023 reconciliations for all bank accounts. In addition to the issues noted above, we found:

- The Historical Society's checking account reconciliation included an outstanding deposit of \$534, which management could not explain. This is one of the five outstanding deposits we noted on the May 2023 reconciliation.
- The ACH account reconciliation noted check #11736 cleared the bank — even though it did not clear. This should have been flagged as an outstanding transaction.
- The ACH account reconciliation did not include adjustments for accounting system errors.

- We were unable to reconcile the ACH account to the bank statement. The unreconciled balance was \$2,625.10. However, the Historical Society showed the account as fully reconciled.

Bank Reconciliation





We acknowledge the Historical Society's efforts to update its Fiscal Policies. However, the updated Fiscal Policies were not followed. This resulted in inaccurate reconciliations. Without a reconciliation between the accounting system and the bank statement, discrepancies such as double payments, calculation errors, or fraudulent transactions might not be identified and corrected.






WHAT REMAINS TO BE DONE

The Historical Society should:

- A) Investigate inaccuracies noted in the February 2023 ACH and checking account reconciliations and make any necessary adjustments; and,
- B) Ensure staff preparing and reviewing reconciliations are trained to accurately complete reconciliations in accordance with Fiscal Policies. This includes explaining all outstanding transactions, investigating outstanding items over 90 days old, verifying check sequences, accounting for voided checks, and ensuring cleared transactions are appropriately recorded.

Recommendation 1C	The Historical Society should review and update current procedures to ensure the person preparing the reconciliation does not have access to change financial system records.
<div data-bbox="211 451 430 640">  <p>NOT IMPLEMENTED</p> </div>	<p>Due to the Historical Society's small staff, management assigned responsibility for preparing the bank reconciliations to the Business and Finance Manager. That person was also primarily responsible for entering financial records. Instead of segregating these duties, the Historical Society opted to implement a separate review of the reconciliations by the Executive Director. This process remains unchanged from the previous audit.</p> <p>The Executive Director's review failed to identify bank reconciliation inaccuracies and Fiscal Policies noncompliance as noted above. Therefore, this review is not an effective compensating control. Further, the Executive Director did not have an accounting background — which would have assisted in reviewing the reconciliations.</p> <p>Utilizing a review as a compensating control can help to reduce risk when it is impractical to properly segregate duties. However, the reconciliation review should be assigned to an individual with financial knowledge and experience. Without appropriate segregation of duties or a review of reconciliations, fraud, errors, and missing items might not be detected.</p>
WHAT REMAINS TO BE DONE	The Historical Society should assign responsibility for reviewing reconciliations to staff with financial knowledge and experience.

Recommendation 1D	The Historical Society should review and update current procedures to ensure an accurate and complete listing of all checks is regularly produced. The lists should include all payees and amounts. All voided checks should also be listed.
<div data-bbox="212 491 428 667">  <p>NOT IMPLEMENTED</p> </div>	<p>All checks are generated from the Historical Society's Financial Edge software program. The program also generates check registers. We reviewed the check register for the audit period and noted that there were three check sequence gaps. The gaps contained 12 checks. Management stated that after a check is printed, Financial Edge prompts the user to confirm that it printed correctly. If the user selects no, the system will not record the check number. That creates a check sequence gap.</p> <p>Management provided documentation demonstrating the 12 checks were appropriately voided. However, issues identified above show that bank reconciliations would not have identified checks that were marked as misprints but printed accurately and subsequently deposited.</p> <p>Additional Financial Edge system configuration and staff training might be necessary to ensure voided checks are properly recorded and a complete listing of checks is maintained.</p>
WHAT REMAINS TO BE DONE	The Historical Society should ensure Financial Edge is appropriately configured to maintain records of voided checks and train staff to properly record voided checks.



<p>Recommendation 2</p>	<p>The Historical Society should review cash handling procedures and ensure adequate controls exist from the point of collection to deposit. In addition, these procedures should be documented.</p>
<div data-bbox="212 501 428 678">  <p>NOT IMPLEMENTED</p> </div>	<p>The Historical Society made minor modifications to its Fiscal Policies regarding cash handling procedures. During our cash handling review, we identified several inconsistencies between its Fiscal Policies and current practices followed by staff, including:</p> <ul style="list-style-type: none"> • Actual petty cash fund amounts differ from amounts specified by the Fiscal Policies. Further, the Fiscal Policies designate certain employee positions as fund custodians that differ from those followed in practice. • According to the Fiscal Policies, the Fiscal Coordinator should collect the store cash receipts daily and reconcile the amount to the Historical Society's records. In practice, the Fiscal Coordinator only collects the receipts weekly while the Business and Finance Manager reconciles the receipts to the Society's records. • Checks should be given to the Fiscal Coordinator for entry into a daily cash receipts log. In practice, checks are given to the Business and Finance Manager directly and no such log is maintained. • Opening and closing procedures for the History Center store are not documented. <div data-bbox="678 1417 1300 1493"> <p>Historical Society's Implementation of Cash Controls</p> </div> <div data-bbox="548 1522 643 1608">  </div> <div data-bbox="651 1522 967 1640"> <p>Physical Security <i>Cash kept unsecured and access to secure areas not properly maintained</i></p> </div> <div data-bbox="1027 1522 1122 1608">  </div> <div data-bbox="1130 1522 1430 1640"> <p>Accountability <i>Reviews conducted by an individual without accounting knowledge</i></p> </div> <div data-bbox="548 1682 643 1768">  </div> <div data-bbox="651 1682 984 1799"> <p>Segregation of Duties <i>Same individual responsible for entering and reconciling financial records</i></p> </div> <div data-bbox="1027 1682 1122 1768">  </div> <div data-bbox="1130 1682 1430 1768"> <p>Reconciliation <i>Not performed according to policies</i></p> </div>

Additionally, we determined internal controls were inadequate to ensure cash is safeguarded from the point of collection to deposit.



Specifically:


- The safe that holds the petty cash fund and History Center store daily deposits is left with its combination entered at all times and its key is left in an unsecure location. Further, the room where the safe is kept is also not secure.
- The weekly deposits are stored in an unsecured location on the day they are picked up until the bank courier arrives.
- Mail that may contain cash or checks is left unsecured on a table outside of the Executive Director's office.
- No cash counts are conducted of the petty cash fund to ensure it remains intact.
- Opening and closing procedures for the History Center store cash drawer involve only one person.
- Preparation of the weekly deposit involves only one person.
- The Business and Finance Manager is responsible for recording, depositing, and reconciling checks received via mail.
- History Center cashiers use the petty cash fund kept in the downstairs safe for opening the store registers but are not assigned individual cash banks to provide accountability.
- Closing procedures for the History Center registers do not include a blind count of the drawer at the end of the day. Instead, the cashier prints a report of revenue for the day from the register and counts out that amount into an envelope for deposit at the bank. The remainder is counted and entered as the closing drawer amount and returned to the safe.





<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should consider discontinuing the use of cash in its operations. Alternatively, the Historical Society should:</p> <ul style="list-style-type: none"> A. Implement controls to ensure cash is adequately secured and dual custody of cash is maintained at all times; B. Implement controls in the opening and closing procedures for the History Center store, including assigning separate cash banks for cashiers and requiring blind counts at closing; C. Revise current Fiscal Policies to align with the updated controls and to ensure all key control procedures are documented; and D. Ensure staff responsible for cash handling are trained on the revised Fiscal Policies.
<p>Recommendation 3A</p>	<p>The Historical Society should review the cash reimbursement procedures and ensure a change fund is utilized for events, including assigning a custodian and adequately securing and accounting for change fund cash by event.</p>
<p> NOT APPLICABLE</p>	<p>The Historical Society has discontinued separate change funds for events. Any cash receipts collected during events are recorded in the cash register. As Historical Society processes have changed, this recommendation is no longer applicable.</p>
<p>WHAT REMAINS TO BE DONE</p>	<p>No further action required.</p>
<p>Recommendation 3B</p>	<p>The Historical Society should review cash reimbursement procedures and ensure adequate controls are implemented for the cash expense and reimbursement payment process.</p>
<p> NOT IMPLEMENTED</p>	<p>The Historical Society updated the Fiscal Policies outlining requirements for cash expense and reimbursement payment processes, including petty cash reimbursements and employee expense reimbursements.</p>

	<p>We reviewed both expense reimbursements submitted during the audit period and found:</p> <ul style="list-style-type: none"> • One reimbursement was for the petty cash fund. According to the Fiscal Policies, appropriate documentation was included. However, the Fiscal Policies state fund disbursements may not exceed \$200. This disbursement was for \$260. Additionally, the reimbursement check was not made out to the designated petty cash custodian. • The other reimbursement was related to a meal provided to attendees at a lunch and learn event. The Fiscal Policies require expense reimbursements include a written expense report stating the employee's name, the name and affiliation of all people attending, and itemized expenses supported by receipts. The reimbursement included all required documentation except for a list of the event attendees. <p>We acknowledge the efforts made to update the Fiscal Policies for cash expense and reimbursement payments. However, the Fiscal Policies should be followed by both staff requesting and approving reimbursements. Additionally, the Fiscal Policies should include all key procedures, such as who may receive petty cash fund reimbursements.</p>
<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should:</p> <ol style="list-style-type: none"> A. Update the Fiscal Policies to clarify who should receive petty cash fund reimbursement checks; and B. Ensure staff submitting, reviewing and approving reimbursements are trained on the requirements in the updated Fiscal Policies.

Recommendation 3C	The Historical Society should review the cash reimbursement procedures and ensure checks are not written and cashed to pay vendors.
 FULLY IMPLEMENTED	<p>As noted in recommendation 3B, the Fiscal Policies have been updated for cash reimbursement. The Executive Director noted that the practice of writing checks to cash is not allowed. We reviewed all payees on the Historical Society's check register during the audit period and none of the checks were payable to cash.</p>
WHAT REMAINS TO BE DONE	No further action required.
Recommendation 4	The Historical Society should ensure adequate support and approval is obtained for refunds. In addition, refunds should be issued with the same payment method as the original payment. Further, the Historical Society should consider creating a standard refund form that includes prompts to help ensure all the required information is obtained and attached.
 NOT IMPLEMENTED	<p>The Historical Society developed a refund request form and updated the Fiscal Policies to require its use. However, we were informed that this form was not consistently used and staff typically use email requests in lieu of the form. Further, we noted that the Fiscal Policies do not require management approval for refunds, although the Executive Director stated all refunds must be approved by her prior to payment.</p> <p>We identified a total of 35 refunds issued during the audit period. We reviewed a sample of eight refunds and identified the following issues:</p> <ul style="list-style-type: none"> • Six refunds did not include the refund request form or an email request supporting the refund. • Five refunds were not approved by the Executive Director.

	<p>Due to the lack of documentation and review, the following issues were not identified by staff:</p> <ul style="list-style-type: none"> • One refund was calculated incorrectly, resulting in an overpayment of \$74.62. • One refund was not made via the original payment method, nor was there a reasonable explanation for using a different method, which is contrary to the Fiscal Policies. <p>We acknowledge the efforts of the Historical Society to develop a standard refund request form to assist in ensuring refunds are adequately supported and approved. However, the form was not used in practice and refunds continued to lack approval evidence. This resulted in errors and noncompliance with the Fiscal Policies.</p>
WHAT REMAINS TO BE DONE	<p>The Historical Society should:</p> <p>A. Review and revise the Fiscal Policies to include approval authority for refunds and the documentation required to request refunds; and,</p> <p>B. Ensure staff preparing and reviewing refunds are adequately trained on the revised Fiscal Policies.</p>
Recommendation 5A	<p>The Historical Society should develop a comprehensive purchasing policy. This policy should specifically address issuing multiple checks on the same day to pay for one invoice should not be allowed.</p>
 <p>FULLY IMPLEMENTED</p>	<p>In response to our previous recommendation, the Historical Society developed a comprehensive Purchasing Policy, which prohibits split purchases. We reviewed all purchases made during the audit period and did not identify any split purchases.</p>
WHAT REMAINS TO BE DONE	<p>No further action required.</p>








Recommendation 5B	The Historical Society's purchasing policy should provide guidance on budgeting, selecting, authorizing, and contracting speaker engagements.
 FULLY IMPLEMENTED	As noted in recommendation 5A, the Historical Society developed a comprehensive Purchasing Policy, which detailed purchasing requirements based on purchase amounts. We reviewed one speaker engagement and found the purchase complied with the Purchasing Policy.
WHAT REMAINS TO BE DONE	No further action required.
Recommendation 5C	The Historical Society's purchasing policy should require detailed billing to support the payments agree to the contract/agreement.
 PARTIALLY IMPLEMENTED	<p>As noted in recommendation 5A, the Historical Society developed a comprehensive Purchasing Policy, including required supporting documentation. We identified 118 purchases. We reviewed six of the 118 purchases for adequate support. We found that two of the six purchases did not have detailed invoices to support the payments. These should have been identified and corrected as part of the Executive Director's review process:</p> <ul style="list-style-type: none"> • One purchase was a verbal agreement with a prior employee to provide training to staff. The prior employee was paid via payroll instead of submitting an invoice. No other support, such as a timesheet, was provided to support the payment or the rate paid. • One purchase for \$600 was for services provided under a Memorandum of Understanding (MOU) for proofreading, original content writing and re-write editing and producing promotional or fundraising events with varying billing rates depending on services provided. The invoice provided to support the purchase included charges for writing, editing, and communication work for September 2022. The MOU does not authorize communication work. In addition, no

	<p>billing detail was included to support the charges, such as projects completed or dates worked. Further, the MOU requires any billings in excess of \$250 be approved by the Executive Director in writing prior to services being provided. No such approval was maintained.</p> <p>We acknowledge the Historical Society's efforts in developing a Purchasing Policy, which includes requiring appropriate supporting documentation for purchases. However, staff reviewing and approving invoices should ensure they comply with the Purchasing Policy prior to approving payment.</p>
WHAT REMAINS TO BE DONE	The Historical Society should ensure staff responsible for reviewing and approving invoices are trained on the Purchasing Policy, including ensuring purchases are supported by detailed billing.
Recommendation 5D	The Historical Society's purchasing policy should require all purchases above a set dollar limit receive documented approval prior to purchasing.
 <p>NOT IMPLEMENTED</p>	<p>As noted in recommendation 5A, the Historical Society developed a comprehensive Purchasing Policy, which set purchasing thresholds and required approvals based on the thresholds. The Purchasing Policy also states that in the case of a purchase or contract that may extend over multiple years (including options to renew), the total amount must be considered. We reviewed a sample of six purchases and found four of six did not have documented approvals prior to purchase as required by the Purchasing Policy:</p> <ul style="list-style-type: none"> • Three purchases were over \$1,000 requiring three formal quotes or written justification for a sole source procurement with approval from the Executive Director. No quotes or written justifications were provided, nor was approval obtained from the Executive Director. • One purchase was required to have a request for proposal or bid with written authorization from the Executive Director. No documentation was provided evidencing this other than a MOU that expired in September 2021. This vendor has

been paid over \$119,000 since FY 2014, and over \$50,000 in the last five years.

Although these purchases did not have prior approval as required in the Purchasing Policy, the Executive Director did approve payment for all four purchases. The Executive Director stated that she was unaware that this Purchasing Policy existed and therefore, did not ensure staff were following the requirements for prior approval.

Historical Society's Purchasing Policy



Under \$1,000	\$1,000 - \$25,000	Over \$25,000	Sole Source
 Director approval	 +  Three written quotes Director approval	 +  RFP/RFB Director approval	 +  Sole source support Director approval

We acknowledge the Historical Society's efforts in developing a Purchasing Policy setting out approvals required at set dollar limits. However, staff responsible for purchasing goods and services should be trained on the Purchasing Policy and obtain required documentation and approvals prior to purchase.



WHAT REMAINS TO BE DONE



The Historical Society should:

- A. Review the Purchasing Policy and modify it as needed to best align with business practices, considering factors such as staff size and typical dollar amounts of purchases; and
- B. Ensure staff responsible for making and approving purchases are trained on the updated Purchasing Policy to ensure all purchases receive appropriate approval prior to purchase.

Recommendation 5E	The Historical Society's purchasing policy should require a signature from the person receiving the product or services to evidence receipt.
 NOT IMPLEMENTED	<p>As noted in recommendation 5A, the Historical Society developed a comprehensive Purchasing Policy, which requires that departments receiving goods or services verify goods received to the packing slip and services received to the purchase requisition for accuracy. We reviewed a sample of six purchases and found five did not have evidence (i.e. a signature) of the receiving department that verified goods and services were received.</p> <p>We acknowledge the efforts by the Historical Society to develop a comprehensive Purchasing Policy that includes verification of goods and services received. However, evidence was not available demonstrating staff complied with the Purchasing Policy.</p>
WHAT REMAINS TO BE DONE	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Review and revise the Purchasing Policy to clearly state how the receiving department's verification of goods and services will be evidenced; and B. Ensure staff reviewing and approving invoices are trained on the revised Purchasing Policy.
Recommendation 6	The Historical Society should develop and implement procedures for credit card use. The procedures should detail the types of purchases that can be made, specific restrictions, and the required documentation for purchases. Additionally, the procedures should include a review of the transactions by someone other than the card holder.
 NOT IMPLEMENTED	<p>The Historical Society revised its Fiscal Policies to address credit card use, including types of allowable purchases, required supporting documentation, and specific restrictions. However, the Fiscal Policies did not designate who was responsible for reviewing and approving credit card statement transactions.</p>

	<p>Management stated that there are only two credit cards currently in use — the Executive Director and the Business and Finance Manager. Each card holder reviews the transactions of the other. We do not believe it is appropriate for the Business and Finance Manager, a direct subordinate of the Executive Director, to review and approve the Executive Director’s credit card statements.</p> <p>We reviewed two months of credit card statements (15 total transactions). We found:</p> <ul style="list-style-type: none"> • Nine of 15 transactions lacked adequate support. Five had no support in the packet, while four had inadequate support. Management was able to provide adequate support at our request. However, it is unclear how the reviewers could determine the appropriateness of credit card transactions without the required support. • One transaction was for alcohol for a museum event. This is a prohibited purchase that requires prior approval. Management stated that there was a verbal discussion and approval regarding this purchase but the approval was not documented. We also noted that the Fiscal Policies do not indicate who should approve these items or how approval should be documented. <p>While we acknowledge the Historical Society’s efforts to revise the Fiscal Policies to address credit card usage, staff did not consistently follow the Fiscal Policies.</p>
WHAT REMAINS TO BE DONE	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Revise the Fiscal Policies to address approval of prohibited item purchases and review of credit card transactions; B. Assign responsibility for reviewing the Executive Director’s transactions to someone with sufficient authority; and, C. Ensure staff are trained on the updated Fiscal Policies.

Recommendation 7	The Historical Society should add Orange County as the additional insured to each insurance policy and continue to provide copies of certificates of coverage to the County's Risk Management Division at the beginning of a policy period.
 FULLY IMPLEMENTED	<p>We obtained the current insurance policy from the Historical Society and confirmed Orange County was included as the additional insured. The requirement to provide copies of insurance was removed in May 2020 from the Amended and Restated Operating Agreement.</p>
WHAT REMAINS TO BE DONE	<p>No further action required.</p>
Recommendation 8	The Historical Society should review its current employee positions. This review should include establishing a classification and pay plan, comparing positions to market conditions, and periodically reviewing job descriptions.
 NOT APPLICABLE	<p>As noted in Recommendation 10, the Historical Society has discontinued use of an employee leasing company, the problem that initiated this recommendation. As Historical Society staffing has changed, this recommendation is no longer applicable.</p>
WHAT REMAINS TO BE DONE	<p>No further action required.</p>

<p>Recommendation 9</p>	<p>The Historical Society should develop and implement written policies and procedures for employee management. This should include the required documentation for hiring employees, and actions to be taken when an employee terminates.</p>
<p> NOT IMPLEMENTED</p>	<p>In response to our previous recommendation, the Historical Society developed an Employee Handbook (Handbook). However, the Handbook does not address required documentation for hiring employees or actions to take when an employee terminates.</p>
<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should develop and implement written policies for employee management, including documentation for hiring employees and actions taken when an employee terminates.</p>
<p>Recommendation 10</p>	<p>The Historical Society should clarify the current leave policy and continue to use the employee leasing company to maintain leave accruals.</p>
<p> NOT IMPLEMENTED</p>	<p>As noted in recommendation 9, the Historical Society developed the Handbook, which includes the current leave policy for employees. However, we noted that the policy remains unclear for part-time staff as it does not state a maximum leave accrual or maximum yearly carryover amount.</p> <p>Additionally, the Historical Society discontinued using the employee leasing company and instead maintains employee leave accruals in Paychex. However, Paychex is incorrectly configured to automatically accrue the maximum Paid Time Off (PTO) hours for an employee regardless of hours worked. As a result, the Business and Finance Manager has to calculate PTO hours separately to ensure correct balances are maintained.</p> <p>To determine if leave accruals were calculated correctly, we reviewed PTO payouts for terminated employees during the audit</p>


period. PTO payouts are manually entered into Paychex by the Business and Finance Manager.

Management informed us that because of system limitations, Paychex can only pay a maximum of 99 hours per pay period. Therefore, if a terminated employee's PTO (plus any other hours) exceeds 99 hours, any time in excess of 99 hours will be paid in the next pay period. According to the current leave policy, employees accrue PTO for any period with an active paid status. As a result, the terminated employee would continue to earn PTO hours for any additional periods due to system limitations. This could result in numerous extra payments and additional expense for hours accruing after termination.


We reviewed all four PTO payouts occurring during the audit period and found all four were calculated incorrectly:


- One employee was paid for 11 PTO hours, even though her balance was 11.61 hours, an underpayment of \$9.15.
- One employee's PTO hour balance was incorrectly calculated due to a timesheet error. This resulted in an underpayment of \$139.09.
- Paychex credited one employee for the full 5.84 hours of PTO in her final paycheck, even though she had only earned 4.67 hours and no adjustment was made when calculating her PTO payout. This resulted in an overpayment of \$30.42.
- One employee was paid for 59.92 PTO hours, even though her balance per Paychex was 59.93, a difference of 0.01 hours. Additionally, she was not credited for PTO hours earned in her final pay period. Paychex had credited her with the maximum accrual of 5.84, although she had only earned 2.33 hours. The Business and Finance Manager did not include these hours in the final PTO payout as she believed employees must work the full 80 hours to receive the PTO accrual. These errors resulted in a net underpayment of 2.34 hours, or \$51.93.


These errors should have been identified and corrected during the Executive Director's review prior to processing for payment.



	<p>We acknowledge the Historical Society's efforts to clarify the leave policy. However, staff did not correctly apply the policy. This resulted in PTO accrual and payout errors. Further, Paychex is not configured to accurately accrue PTO. This requires staff to make manual calculations — which are inherently prone to error.</p>
<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Fully review PTO payouts to ensure they are accurately calculated in accordance with policy and paid out appropriately; B. Work with Paychex to configure PTO accruals to minimize the amount of manual intervention needed, including accruing PTO based on hours worked and creating a separate category for PTO payouts within Paychex that is not used for calculating PTO accruals; C. Review all current employee PTO balances to ensure they are accurate; and D. Review and revise the policy to clarify the maximum leave accrual or maximum yearly carryover amount for part-time employees and train staff on the revised policy.
<p>Recommendation 11</p>	<p>The Historical Society should review their current payroll process and the controls available with the employee leasing company to ensure adequate segregation of incompatible tasks exist. Further, the process should include an independent documented review to ensure hours paid agree to the hours recorded on the timesheets.</p>
<p>  PARTIALLY IMPLEMENTED </p>	<p>As noted in recommendation 10, the Historical Society no longer uses the employee leasing company. Instead, the Historical Society implemented independent reviews of employee timesheets to ensure adequate segregation of duties exists.</p> <p>The Business and Finance Manager enters timesheets into Paychex with final review and approval by the Executive Director to ensure hours paid are consistent with hours recorded on timesheets. We noted this practice does not align with the Fiscal</p>


	<p>Policies, which state the History Center Fiscal Coordinator enters the timesheets in Paychex.</p> <p>We reviewed 22 employee timesheets from the audit period and found all timesheets had evidence of independent review by the Executive Director. However, we identified two employee timesheets with hours that did not agree with the hours entered in Paychex:</p> <ul style="list-style-type: none"> • One employee recorded nine hours of PTO on their timesheet, which were not entered into Paychex. The Business and Finance Manager stated the submitted timesheet was incorrect and was later revised by the employee. A copy of a revised timesheet was provided. However, the revised timesheet's hours also did not match the hours entered into Paychex. • One employee incorrectly entered 14 hours on the paid holiday line of her timesheet. Management did not pay these hours because of the improper coding — rather than reviewing the hours with the employee. The employee immediately contacted management regarding the missing hours and was paid in the following paycheck. <p>We acknowledge efforts made to implement independent reviews to ensure appropriate segregation of duties related to payroll processing. However, the Fiscal Policies should be updated to reflect current practices. All changes to timesheets should be discussed with employees, and document employee approval.</p>
<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Ensure edits to timesheets are discussed with employees and agreement is obtained. Additionally, documentation to support the timesheet edit and employee agreement should be retained; and B. Review and revise the Fiscal Policies to align to current practices.

Recommendation 12A	The Historical Society should review anticipated temporary positions to ensure the position is classified according to IRS rules.
<div data-bbox="212 457 428 632">  <p>NOT IMPLEMENTED</p> </div>	<p>In response to our previous recommendation, the Historical Society advised us that it contracted with an outside firm to review all part-time positions and contractors to verify they were classified in accordance with IRS regulations. However, management was unable to provide documentation of that review or its recommendations.</p> <p>In the previous audit, we noted 11 independent contractors did not receive 1099s as required by IRS regulations. Based on the risk of noncompliance, we performed additional follow-up related to this issue.</p> <p>The Historical Society identifies contractors that must receive a 1099 by checking a box within Financial Edge. At year end, the Business and Finance Manager generates a 1099 Activity Report in Financial Edge of all 1099 vendors, then uploads the report to a third party to generate the 1099s. The third party provides courtesy copies to the Historical Society, which the Business and Finance Manager compares to the 1099 Activity Report.</p> <p>IRS regulations require 1099s to be sent to parties who receive over \$600 from the Historical Society and meet specific criteria. We reviewed the Historical Society's records and identified all vendors who received over \$600. Of the 28 vendors identified, only ten were required to receive a 1099. We requested copies of the 1099s for these vendors and found that two did not receive a 1099:</p> <ul style="list-style-type: none"> • One individual, while being marked as a 1099 vendor in the system, was excluded from the 1099 Activity Report. The Business and Finance Manager was uncertain why this occurred. • One vendor was included in the 1099 Activity Report but was not noted as missing a 1099 by the Business and Finance Manager during her review.

<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Review anticipated temporary and contract positions to ensure they are classified according to IRS regulations; and B. Implement a process to verify the accuracy of the 1099 Activity Report to ensure all vendors receive a 1099 if required by IRS regulations.
<p>Recommendation 12B</p>	<p>The Historical Society should prepare contracts for any individuals participating as an independent contractor.</p>
<p>  NOT IMPLEMENTED </p>	<p>As noted in recommendation 5D, the Historical Society developed a comprehensive Purchasing Policy, which set purchasing thresholds of \$25,000 requiring a contract.</p> <p>We reviewed all purchases during the audit period and identified one vendor that required a contract under Purchasing Policy. Management was only able to provide an expired MOU for this purchase.</p> <p>We acknowledge the Historical Society's efforts to develop a Purchasing Policy describing which vendors should be under contract. However, staff should follow the Purchasing Policy and prepare the contracts as required.</p>
<p>WHAT REMAINS TO BE DONE</p>	<p>The Historical Society should ensure that employees are familiar with Purchasing Policy and specifically ensure all purchases over \$25,000 comply with applicable contract requirements.</p>

<p>Recommendation 13</p>	<p>The Historical Society should implement procedures to record and account for all facility and event rentals. This should include reconciling facility rentals and events to ensure all required documents were prepared and monies were collected and deposited.</p>
<div data-bbox="215 506 433 669">  <p>PARTIALLY IMPLEMENTED</p> </div>	<p>The Historical Society implemented Blackbaud's Altru system to track event and facility rentals. This includes documentation and rents payment information.</p> <p>The Business and Finance Manager runs a report each month from Altru listing the next month's upcoming event and facility rentals. The report includes rental amounts, amounts paid, and outstanding balances. The Business and Finance Manager reviews this listing for rentals with outstanding amounts and makes notes regarding the cause of those outstanding balances. However, she does not review events with outstanding balances from prior months to ensure that those amounts have been paid.</p> <p>We obtained an Altru report covering the period from February 2013 (Altru's implementation date) through February 2023 to identify any outstanding balances. We found 15 outstanding balances. The total outstanding balance of these 15 was \$12,807.75:</p> <ul style="list-style-type: none"> • Ten balances (totaling \$11,077.75) were marked as cancelled or postponed in Altru but staff did not remove the balances from the system. • Four balances (totaling \$1,355) were described by management as likely needing to be cleared from the system. However, no support could be located to support this statement, such as waivers of rental fees, tax exemption form for taxes not paid, or forgiveness of outstanding balances. • One rental was shown to be paid in full. However, a \$375 payment for the rental was not properly entered in Altru for the rental. This resulted in an outstanding balance. While a note was added in Altru explaining that the balance was paid in full, the outstanding balance was not actually cleared in Altru.

WHAT REMAINS TO BE DONE	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Ensure staff entering transactions in Altru are trained on recording and updating transactions; and, B. Revise procedures for reviewing outstanding balances to include past events to ensure balances are paid or cleared, if appropriate. These revised procedures should be documented.
Recommendation 14	The Historical Society should improve control procedures for donations, memberships, History Center attendance, and sponsored events to gain assurance monies received are deposited.
 NOT APPLICABLE	<p>As noted in recommendation 13, the Historical Society implemented Altru, which is used to track donations, memberships, attendance, and sponsored events, and associated revenue. With the implementation of Altru, the Historical Society no longer maintains separate subsidiary records of these items and no reconciliation with Altru is necessary.</p>
WHAT REMAINS TO BE DONE	<p>No further action required.</p>
Recommendation 15	The Historical Society should develop policies and procedures for volunteer and employee related meal expenses and memberships.
 PARTIALLY IMPLEMENTED	<p>The Historical Society developed a comprehensive policy regarding employee memberships. However, while management verbally stated meals are not provided for volunteers or employees, no written policy exists.</p>
WHAT REMAINS TO BE DONE	<p>The Historical Society should develop written policies for volunteer and employee related meal expenses.</p>

Recommendation 16	The Historical Society should ensure contractual agreements are adequately monitored and proper approvals are obtained.
<div data-bbox="212 428 428 604">  <p>NOT IMPLEMENTED</p> </div>	<p>Historical Society management stated the department using the contractual services is responsible for contract monitoring. However, this responsibility is not documented in policy.</p> <p>We identified a total of four contracts the Historical Society entered into with artists to host an event at the History Center. The contracts allowed for the artists to sell their artwork. In return, the Historical Society retained a portion of the sales to cover expenses. However, the Historical Society incorrectly calculated the amount to retain, indicating the contracts were not adequately monitored.</p> <p>Additionally, as noted in recommendation 5D, we identified a purchase that required a contract under the Purchasing Policy. Management was only able to provide an expired MOU for this purchase, demonstrating expense contracts are also not adequately monitored.</p>
WHAT REMAINS TO BE DONE	<p>The Historical Society should:</p> <ul style="list-style-type: none"> A. Develop a policy to formally assign responsibility for monitoring contracts and specify minimum procedures for monitoring contracts; and B. Ensure staff are trained on the policy.
Recommendation 17	The Historical Society should utilize a more appropriate contract for selecting cashiers for the History Center store. In addition, employees with access to cash and sales merchandise should be required to have a level 2 background screening performed.



The Historical Society no longer contracts for History Center store cashiers. They are now employees of the Historical Society. Further, the Historical Society requires that all employees receive a level 2 background check prior to hiring, regardless of job duties. We reviewed a sample of 17 Historical Society employees and contractors, including those with access to cash and sales merchandise, and confirmed all of the sampled employees had satisfactorily completed a level 2 background screening.

WHAT REMAINS TO BE DONE

No further action required.

Recommendation 18

The Historical Society should work with the County's Risk Management Division to ensure the level of background screening performed for all new hires, independent contractors, and volunteers are appropriate. This should include a criminal background check for any individual who could potentially interact with children.



In response to our previous recommendation, the Historical Society now requires all employees and contractors to successfully complete a level 2 background screening. This screening includes a comprehensive criminal background check. Volunteers are only accepted from the County's volunteer system. A background check is performed as part of that volunteer program.

As noted in recommendation 17, we confirmed satisfactory level 2 background screenings were on file for a sample of 17 Historical Society employees and contractors. The sample included all employees and contractors who we determined could potentially interact with children.

WHAT REMAINS TO BE DONE

No further action required.

APPENDIX A – MANAGEMENT RESPONSE TO FOLLOW-UP AUDIT RECOMMENDATIONS



RESPONSE TO FOLLOW-UP AUDIT CONDUCTED FROM SEPT 2022 TO FEB 2023

DATE: 10 July 2024
TO: Orange County Comptroller's Office
ATTN: Wendy Kittleston, Assistant Comptroller
FROM: Lenny Bendo, President, Historical Society of Central Florida
Signed: 

Date: 8 August 2024

In response to the follow-up audit conducted by your office during the period from September 2022 through February 2023, the Historical Society of Central Florida (HSCF) generally concurs with recommendations that apply to action items identified in the original audit conducted by the Orange County Comptroller's Office during February 2016.

HSCF will not address the "New Recommendation," which we believe was inappropriate to bring into the scope of the follow-up audit. We maintain that it should have been justified and conducted as an entirely separate matter. As such, we will defer to Orange County administration to respond regarding matters of professional standards and any actions on policy that have been made.

Since the follow-up audit, HSCF has prioritized implementation of follow-up recommendations. The Business and Finance Manager who had only partially implemented recommendations from the original audit is no longer employed by HSCF. In November, we hired a fulltime onsite Chief Financial Officer who corrected the errors identified by the audit team and began systematically updating the organization's procedures to incorporate audit recommendations and ensure policy alignment as we move forward.

Among the action items taken since the follow-up audit:

- **Per Recommendation 1**, HSCF now requires a monthly reconciliation checklist for each bank account. They are required to be signed by both the reconciling staff member and a reviewer from the management team.
- **Per Recommendation 2**, HSCF cannot operate on a cash-free basis. So, stricter enforcement of controls has been implemented and ongoing renovations include plans to move the downstairs safe to a more secure location.
- **Per Recommendation 3**, a strict purchase order (PO) system has been implemented. No expenditures of HSCF funds (including refunds) are made without a completed PO being submitted by the requester and signed by two members of the management team to ensure policy alignment.
- **Per Recommendations 5 & 16**, Memoranda of Understanding (MOUs) have been updated and all necessary Sole Justification documentation has been collected and signed. Calculation errors identified by the audit team have been corrected. Additionally, staff members have been coached on procedures to both encourage greater accuracy and ensure future policy alignment.
- **Per Recommendation 9**, the HSCF Employee Handbook is being reviewed to clarify hiring documentation and termination procedures.
- **Per Recommendation 10**, Paid Time Off (PTO) accruals are now being reconciled monthly to ensure correct balances appear in both our Financial Edge accounting software and on statements issued to employees by our offsite payroll service provider.
- **Per Recommendation 12**, all part-time positions and contractors have been reviewed to ensure they have been appropriately identified as 1099 candidates for IRS reporting compliance.

Samples of standardized forms adopted in accordance with these action items are attached.

HSCF appreciates both the audit team's professionalism during this follow-up audit and the recommendations they made to ensure accuracy, transparency, and compliance of HSCF's financial activities.


65 E. CENTRAL BLVD.
ORLANDO, FL 32801
(407) 836-8500



**HISTORICAL
SOCIETY**
OF CENTRAL FLORIDA

MONTHLY STATEMENT REVIEW

Monthly bank statements must be reconciled and reviewed in both a timely and accurate manner in accordance with HSCF's Fiscal Policies. CFO, or their designee, should present each account reconciliation to the Executive Director, or their designee, for review and signed approval. Signed/approved reconciliations for the current fiscal year should be maintained in a readily available filing location at the direction of the CFO. Prior fiscal year reconciliations should be boxed and stored according to HSCF's Records Retention Policy.

Account name					GL Account #	Statement date
Prior statement ending balance	Current statement beginning balance			Difference?		

Review checklist

		Rec	Rev
1	Copy of bank statement attached.		
2	Copy of account reconciliation attached.		
3	All breaks in check sequence identified and explained.		
4	Copies of any voided checks attached.		
5	All checks over 90 days old identified and under investigation.		
6	All checks over 120 days old voided and notices sent to payees.		
7	All outstanding deposits from prior period identified and under investigation.		
8	All deposits outstanding for more than 60 days have been voided.		
Reconciler (Signature AND printed name)		Date:	
Reviewer (Signature AND printed name)		Date:	



**HISTORICAL
SOCIETY**
OF CENTRAL FLORIDA

PURCHASE ORDER

* This form should be submitted to request approval of any regular expenditure of HSCF funds, INCLUDING PROGRAM REFUNDS.

* Actual disbursement will not occur until TWO approval signatures are obtained. First signature will give initial approval. Second signature will approve processing for payment.

* Please attach all documentary support for the request, including receipts, invoices, delivery tickets, etc.

Name of person requesting disbursement of funds:	Date of request:
Make disbursement check payable to:	Amount:
Description of Goods/Services to be acquired:	
Justification for request. (How does it fit within HSCF's goals and budget?)	
Approval #1 (Signature AND printed name)	Date of approval:
Approval #2 (Signature AND printed name)	Date of approval:
This area reserved for Finance coding, notations, etc.	

NEW RECOMMENDATION

As noted above, the History Center's Manager is an Orange County Government employee — paid by Orange County. The Manager also serves as the Historical Society's Executive Director and Chief Executive Officer. This dual role between Orange County Government and the Historical Society could create a potential conflict of interest between the two organizations with simultaneous reporting.

In October 2018, Orange County and the onePULSE Foundation (onePULSE) entered into a Tourist Development Tax Funding Agreement (TDT Agreement). Pursuant to the Agreement, the County would provide financial assistance to help onePULSE design a museum where visitors would learn the history of one of the largest mass shootings in modern American history and the attack on the LGBTQ and Latino community at the Pulse nightclub. As part of the TDT Agreement, Orange County agreed to reimburse onePULSE for design and architectural fees and costs that it incurred related to the museum.

Ms. Schwartz' Role at History Center

Ms. Schwartz served as the Chief Curator & Senior Program Manager for the History Center from February 2016 until February 2021. In this role, Ms. Schwartz was responsible for providing collections and/or educational services for the History Center.

In February 2021, Ms. Schwartz was promoted to Manager of the History Center and was responsible for the overall management of the History Center with regard to curatorial, exhibits, research, fundraising, public programs, facility operations and fostering alliances with community partners. According to the Operating Agreement, Ms. Schwartz was also the Executive Director of the Historical Society. She continued as Executive Director until April 2024.

Ms. Schwartz' Role at onePULSE

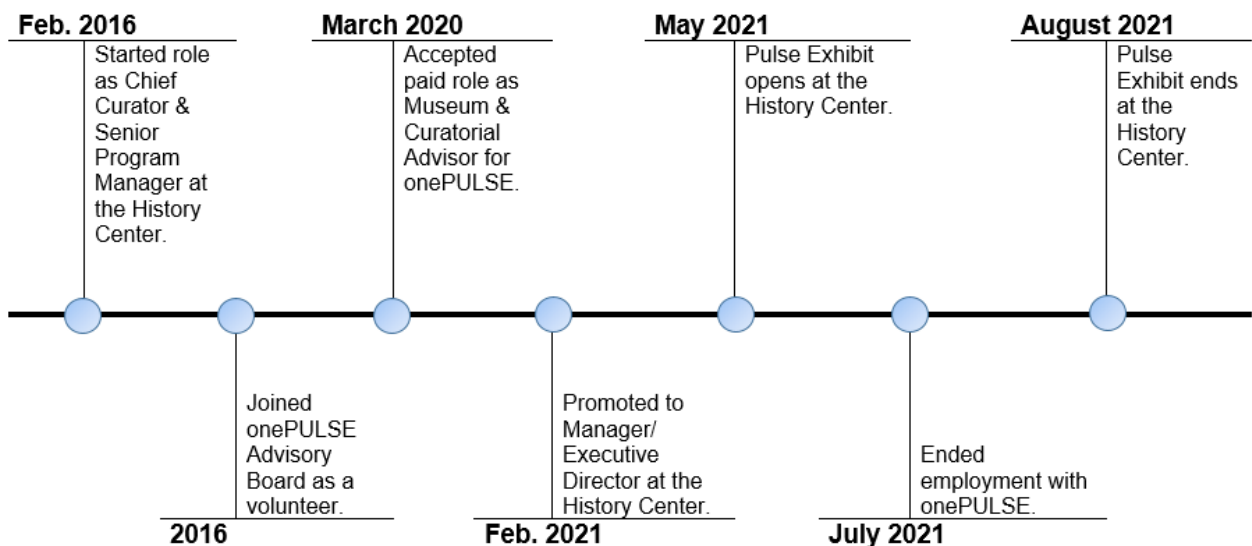
Ms. Schwartz' involvement with onePULSE began as a volunteer on an advisory board in 2016. In March 2020, Ms. Schwartz accepted a paid position as a Museum & Curatorial Advisor for onePULSE. We were unable to obtain an official job description for Museum & Curatorial Advisor. However, Ms. Schwartz' resume lists roles and responsibilities that included oversight, planning, design, and curation of a future national memorial and museum.



Ms. Schwartz submitted invoices and was paid \$95,700 from onePULSE for her role as a Museum & Curatorial Advisor from March 2020 to July 2021. Of the \$95,700 onePULSE paid to Ms. Schwartz, \$91,110 was reimbursed to onePULSE from Orange County's TDT pursuant to the TDT Agreement.



The following timeline of events shows how Ms. Schwartz' role at the History Center, both as Chief Curator & Senior Program Manager and Manager/Executive Director, overlapped with her role at onePULSE.



Orange County Office of Professional Standards Investigation

The Orange County Office of Professional Standards (OPS) performed an investigation in 2021. This investigation reviewed numerous allegations against Ms. Schwartz including potential conflicts of interest arising from her roles as Executive Director, Manager and

onePULSE contractor. OPS ultimately determined Ms. Schwartz' involvement with onePULSE did not constitute a violation of County policy since she obtained management approval to work for onePULSE. However, the investigative report made the following observations:

- [onePULSE] and [History Center] both strive to collect artifacts with historical significance to the Pulse Nightclub tragedy. It is possible that Ms. Schwartz' commitment to the collection of artifacts for [History Center] could have been in competition with her employment with [onePULSE] or present the appearance of such.
- Ms. Schwartz provided input to the operating agreements between [History Center] and [onePULSE]. Ms. Schwartz had competing loyalties due to her employment with both [History Center] and [onePULSE]; therefore, she should have excused herself from any involvement with the agreement to prevent the appearance of improprieties.
- While on County time, Ms. Schwartz offered after-hour volunteer opportunities to her employees. County policy 403 states outside employment shall not involve other County employees during County work time. In her role as [History Center] Manager, Ms. Schwartz "pitched" volunteer opportunities to County employees, during their work time, for [onePULSE]; another organization she served in.
- Ms. Schwartz sent an email to [a citizen] and offered to stand in for the founder and former CEO of onePULSE at an event. Ms. Schwartz stated, "I have done so many speaking engagements with her, I can (and she often has me) stand in on her answers as best as anybody else with the Foundation." In Ms. Schwartz' role as [History Center] Manager, she engaged with the public in speaking events. Ms. Schwartz agreed to a speaking engagement as a [onePULSE] representative, which opens the possibility attendees mistake her involvement as an endorsement by the County [History Center] of [onePULSE].

Audit Findings

Finding 1 – Paid for Similar Services by Both Organizations

The History Center displayed a Pulse exhibit from May 2021 to August 2021. In May through July 2021, Ms. Schwartz' invoices to onePULSE included the following services:



- *Pulse Digital Archiving*
- *Collections Cataloging & Preservation*
- *Pulse Database*
- *Visitation Meeting*
- *Visitor Flow and Exhibit Flow Meetings*

These invoices and subsequent payments were for services performed during the time the exhibit was displayed at the History Center. The onePULSE invoices did not include detailed billing information. However, it appears that Ms. Schwartz might have been compensated for some of these activities in her role as the History Center Manager.

In addition, an email sent to all onePULSE employees from onePULSE's former Chief Communications & Government Relations Officer on May 25, 2021, included a schedule of mandatory and voluntary events for the five-year anniversary of the Pulse tragedy. The email stated that Ms. Schwartz was the contact for onePULSE employees for the event, although she was representing the History Center. An excerpt from that email is shown below:

- ***Community: Five Years After the Pulse Tragedy exhibition***; Orange County Regional History Center; Free to the public the week of June 5 to June 13; runs May 29 – August 15.(thehistorycenter.org) – ***Pam is the owner of this event if you have any questions.*** Barbara, Leah, Scott B, Nikole, Earl will be attending. Private event for onePULSE Foundation stakeholders is Thursday, June 10 at 5:30 p.m.

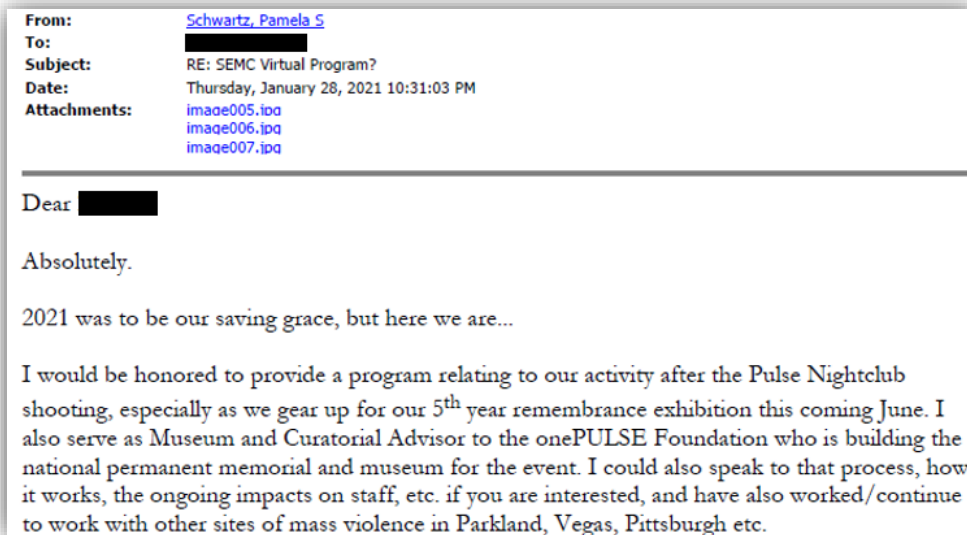
According to the OPS investigation, “Ms. Schwartz provided input to the operating agreements between [History Center] and [onePULSE]. Ms. Schwartz had competing loyalties due to her employment with both [History Center] and [onePULSE]; therefore, she should have excused herself from any involvement with the agreement to prevent the appearance of improprieties”.

When reviewing event payments in the Historical Society system, we could not identify any payments for the private event for onePULSE stakeholders held at the History Center on June 10th, 2021, at 5:30pm. Therefore, we could not determine whether onePULSE ever paid the History Center or received a fee waiver for the costs involved with that event.

Finding 2 – Organizational Roles Could Be Confused

We identified emails where Ms. Schwartz was contacted in her role as the History Center Manager via her History Center email address for speaking engagements. In response to those communications, Ms. Schwartz informed emailers of her role with onePULSE.

In one instance, when contacted about a presentation on the Pulse exhibit at the History Center, Ms. Schwartz promoted her role and responsibilities with onePULSE.



"I also serve as Museum and Curatorial Advisor to the onePULSE Foundation who is building the national permanent memorial and museum for the event. I could also speak to that process ..."

Finding 3 – County Resources Were Used for Outside Employment

Ms. Schwartz utilized County resources, specifically County email, for communication pertaining to her outside employment with onePULSE. We identified nine (9) emails where Ms. Schwartz communicated onePULSE-related matters through County email.

An email regarding onePULSE's response after the tragedy was addressed to Ms. Schwartz and the founder and former CEO of onePULSE. The email requested participation in an educational webinar to share experiences around memorialization efforts. Ms. Schwartz responded with available times and stated that it was a holiday weekend, and her staff was “checking out. A perfect week to take advantage of.”

From: Pamela.Schwartz@ocfl.net [mailto:Pamela.Schwartz@ocfl.net]
Sent: Monday, June 29, 2020 11:21 PM
To: [REDACTED]@onepulsefoundation.org
Subject: Re: following up
[REDACTED], I'm down for the 7th and happy to assist in whatever way you believe can be most useful.
For this week, I have:
Wednesday 10 - 1
Thursday 12 - 5
Friday 12 - 5
I'm not sure how my schedule is this open, I feel like I might be forgetting something, haha!
Oh wait...holiday weekend my staff is checking out. A perfect week to take advantage of. If something else works better just let me know, these aren't the only holes, just the biggest ones.
Best,
Pamela Schwartz
Chief Curator

Orange County Regional History Center
65 E. Central Boulevard
Orlando, FL 32801
Tel: 407-836-8595
Cell: 321-318-4301
www.thehistorycenter.org

“I’m not sure how my schedule is this open ... Oh wait ...holiday weekend my staff is checking out. A perfect week to take advantage of.”

Additionally, Ms. Schwartz admitted asking History Center employees to volunteer for onePULSE during County paid time. This is a violation of the Conflict of Interest Policy which states that outside employment shall not involve County employees during County work time.

Investigation Results Summary

According to the OPS investigation, Ms. Schwartz obtained approval from the previous County Administration in early 2018 to work for onePULSE. However, circumstances changed significantly after this approval.

Specifically:

- Ms. Schwartz was promoted from Chief Curator to Manager of the History Center;
- When Ms. Schwartz' outside employment was initially approved, she was directly supervised by the History Center Manager. After her promotion to Manager, she no longer had a supervisor at the History Center. She was the highest ranking official at the History Center;
- Ms. Schwartz was tasked with additional responsibilities and job duties as Manager of the History Center after she was promoted;
- The individuals who approved the outside employment are no longer employed by Orange County; and,
- The current County Administration was not informed of Ms. Schwartz' outside employment with onePULSE. As a result, approval was never obtained from the current County Administration.

Ms. Schwartz was paid by onePULSE — while onePULSE had a contractual relationship for an exhibit at the History Center. Therefore, Ms. Schwartz engaged in activities that appeared to be a conflict of interest between her roles with the History Center, the Historical Society, and onePULSE.

Recommendation for Improvement

County Administration should:

- A) Implement procedures to periodically review all approved outside employment for potential conflicts of interest arising from changing circumstances;
- B) Revise Orange County Policy to require that all County employees review the Conflict of Interest Policy annually and complete a Conflict of Interest Statement acknowledging compliance;
- C) Develop procedures to ensure that outside employment is communicated to new management;
- D) Consider revising the operating agreement that establishes a dual role and reporting requirements with the Executive Director/Manager to avoid potential conflicts of interest between the organizations; and,
- E) Confirm that County employees comply with any relevant codes of ethics established by third parties such as the History Center.

APPENDIX B – MANAGEMENT RESPONSE TO NEW RECOMMENDATION



Community and Family Services Department

Venerria Thomas, Director

2100 East Michigan Street • Orlando, Florida 32806-4935
407-836-6229

August 23, 2024

A handwritten signature in blue ink that reads "Venerria S. Thomas".

TO: Wendy Kittleson, Assistant Comptroller, Orange County Comptroller

FROM: Venerria L. Thomas, Director, Community and Family Services Department

SUBJECT: 2024 Follow-up Audit of Historical Society of Central Florida, Inc.

This memorandum responds to the new recommendations for improvement included in the 2024 Follow-up Audit of the Historical Society of Central Florida, Inc (HSCF).

The initial audit, concluded in 2016, was a review pertaining only to the processes and procedures of the HSCF. Nonetheless, this recently completed Follow-up Audit has extended beyond the scope of the HSCF and has directed to Orange County Administration, a new recommendation for improvements resulting from the audit team's review of an Office of Professional Standards (OPS) investigation completed and closed in 2021. The OPS investigation included concerns regarding the secondary employment of the former Executive Director of the HSCF, whose position also served as the Regional History Center Manager (a County employee). The audit team recommends that Orange County reexamine its Conflict-of-Interest policy as it pertains to outside/secondary employment. Further, the new recommendation intimates the potential for the interests of Orange County Government and the HSCF to be at odds because of the dual capacity of the Manager.

The elements of the new recommendation for improvement in the Follow-Up Audit and Orange County Government's associated responses are outlined below.

- A. **Recommendation:** "Implement procedures to periodically review all approved outside employment for potential conflicts of interest arising from changing circumstances."

OC Response: Human Resources does revise and strengthen procedures periodically. Orange County's *Policy Manual and Operational Regulations Section 403 Conflict of Interest* addresses secondary employment and has been in place since 2004. The County's secondary employment procedure does require notification of management and County Administration of outside employment. This section of the policy was previously last reviewed in 2014, however, Orange County Administration directed Human Resources to initiate a review of secondary employment procedures earlier this year. Human Resources has made considerable progress, to include the development of a new digital form and is exploring a tracking system that facilitates annual reviews by management and systemic capability for updates due to changes in employee circumstances or supervision. Department Directors were briefed on the revisions underway in June. County Administration is targeting presenting the revised policy to the Board of County Commissioners (BCC) in the next couple of months.

- B. **Recommendation:** “Revise Orange County Policy to require that all County employees review the Conflict-of-Interest Policy annually and complete a Conflict-of-Interest Statement acknowledging compliance.”

OC Response: Orange County’s *Policy Manual and Operational Regulations Section 403 Conflict of Interest* governs all county employees. Human Resources is updating the procedures to require that all County employees review the Conflict-of-Interest Policy annually along with an acknowledgment of compliance. HR has been exploring the possibility of utilizing the myOCLearn portal for new digital reporting and tracking to help reinforce this expectation.

- C. **Recommendation:** “Develop procedures to ensure that outside employment is communicated to new management.”

OC Response: Again, the *Policy Manual and Operational Regulations Section 403 Conflict of Interest* specifically addresses outside employment procedures. The Orange County Human Resources Division tracks the outside employment of employees. Human Resources reminds employees and supervisors regarding the necessary filing of appropriate secondary/outside employment forms. However, to enhance tracking, Human Resources will more frequently remind employees and supervisors to report any changes in position or circumstances and collect updated approvals by the employee’s management of command, as appropriate. This process will be significantly reinforced and streamlined which will afford an employee’s management a means of tracking a secondary employment status. In addition, this policy will be included in the onboarding or training sessions for new supervisors and managers.

- D. **Recommendation:** “Consider revising the operating agreement that establishes a dual role and reporting requirements with the executive director/manager to avoid potential conflicts of interest between the organizations.”

OC Response: Orange County and the HSCF plan to explore the possibility of restructuring the dual governance agreement to avoid potential conflicts of interest.

- E. **Recommendation:** “Confirm that County employees comply with any relevant codes of ethics established by third parties such as the History Center.”

OC Response: When there are employees that serve in dual capacities, Orange County does confirm employee compliance with the Orange County *Code of Conduct* and, in partnership with the third-party entity, Code of Ethics policies established by that party, i.e., the HSCF. The County will endeavor to obtain any existing documentation of the employee’s compliance with such policies from the third-party entity, as relevant and appropriate to our mutual interests.

In summary, *Orange County Policy Manual and Operational Regulation, Section 403 Conflict of Interest* addresses secondary employment and was in place at the time the Regional History Center Manager obtained approval for secondary employment. The existing policy was recently reviewed through Human Resources, with revisions proposed that will clarify and strengthen procedures, and provide enhance recording and tracking of secondary employment by county employees. The County will continue to dialogue with the HSCF regarding the partnership arrangement and dual governance of the Regional History Center. Similarly, it remains a priority for the County to ensure all dual capacity employees avoid conflicts of interest and abide by the ethics standards of both the county and partner entities.

Should you have questions or need additional information, please contact Lavon B. Williams, Deputy Director of Community Family Services at 407-836-5614.

C: Byron W. Brooks, Orange County Administrator
Carla Bell Johnson, Orange County Deputy County Administrator
Dr. Yvette M. Best, Director, Orange County Human Resources Division
Lavon B. Williams, Deputy Director, Community and Family Services Department
Dr. Tracy Salem, Deputy Director, Community and Family Services Department
Lenny Bendo, President, Board of Directors, Historical Society of Central Florida
Adrian "Stu" Worobetz, Interim Manager, Regional History Center

AUDIT SCOPE, PERIOD, AND OBJECTIVE

This audit's objective was to determine the implementation status of the recommendations from the previous audit of the Historical Society. The audit scope was limited to the Historical Society's compliance with the prior audit's recommendations.

The follow-up audit period was September 2022 through February 2023.

METHODOLOGY

To determine whether the prior recommendations were implemented, we performed the following:

- Reviewed changes made to policies and procedures relevant to the prior audit findings.
- Observed the May 2023 bank account reconciliation, reviewed three months reconciliations, and re-performed the February 2023 reconciliation.
- Reviewed the Historical Society's check register to identify any gaps in check numbers.
- Reviewed supporting documentation for cash reimbursements processed during the audit period to determine if the Historical Society followed policies and procedures.
- For a sample of eight refunds, we determined whether:
 - Adequate support was retained for the amount refunded;
 - A refund request form or email was on file; and,
 - The refund was issued via the same method as the original payment.
- Reviewed all purchases to identify potential split purchases.
- Reviewed a sample of six purchases to determine whether:
 - Appropriate approvals were obtained prior to purchase;
 - Payments were accurate and adequately supported;
 - Evidence, such as signatures, was present to evidence receipt of goods and services;
 - Evidence existed of the Executive Director's approval for payment; and,
 - Checks were signed by an authorized check signer, with checks over \$5,000 signed by two authorized individuals.

- For a sample of two monthly credit card statements, we determined whether the documentation included:
 - Evidence of review;
 - Preapproval for any prohibited purchases; and,
 - Adequate support for all purchases.
- For a sample of three pay periods, determined if:
 - All hours logged in timesheets agreed to the payroll system; and
 - Evidence existed of independent review and approval of payroll entries by management.
- Reviewed all hourly pay rate changes during the audit period to determine if they had appropriate support and approval.
- Reviewed all Historical Society leave payouts during the audit period to determine if they were correctly calculated.
- Determined if all required 1099 forms for vendors were issued for calendar year 2022.
- Reviewed all facility and event rentals in Altru to determine if payment was received.
- Reviewed level 2 background checks for a sample of 17 contractors and employees to determine if the Historical Society obtained satisfactory background checks.

In addition to the issues identified in the prior audit, we reviewed the role of the Executive Director at the Historical Society to determine if a potential conflicts of interest existed.