

DONALD C. SPENCER
CLERK OF THE CIRCUIT COURT & COMPTROLLER
SANTA ROSA COUNTY, FLORIDA

Clerk of the Circuit Court & Comptroller
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

6495 Caroline Street
Milton, Florida 32570
P O BOX 472
Milton, Florida 32572
Telephone: (850) 983-1975
Fax: (850) 983-1986
www.santarosaclerk.com

March 8, 2024

The Honorable Donald C. Spencer
Santa Rosa County Clerk of Court and Comptroller
4025 Avalon Blvd.
Milton, FL 32583

Clerk Spencer,

Please find attached the final report on the Audit of Navarre Youth Sports Association, Inc.

Please feel free to contact me should you have any questions or wish to discuss the report.

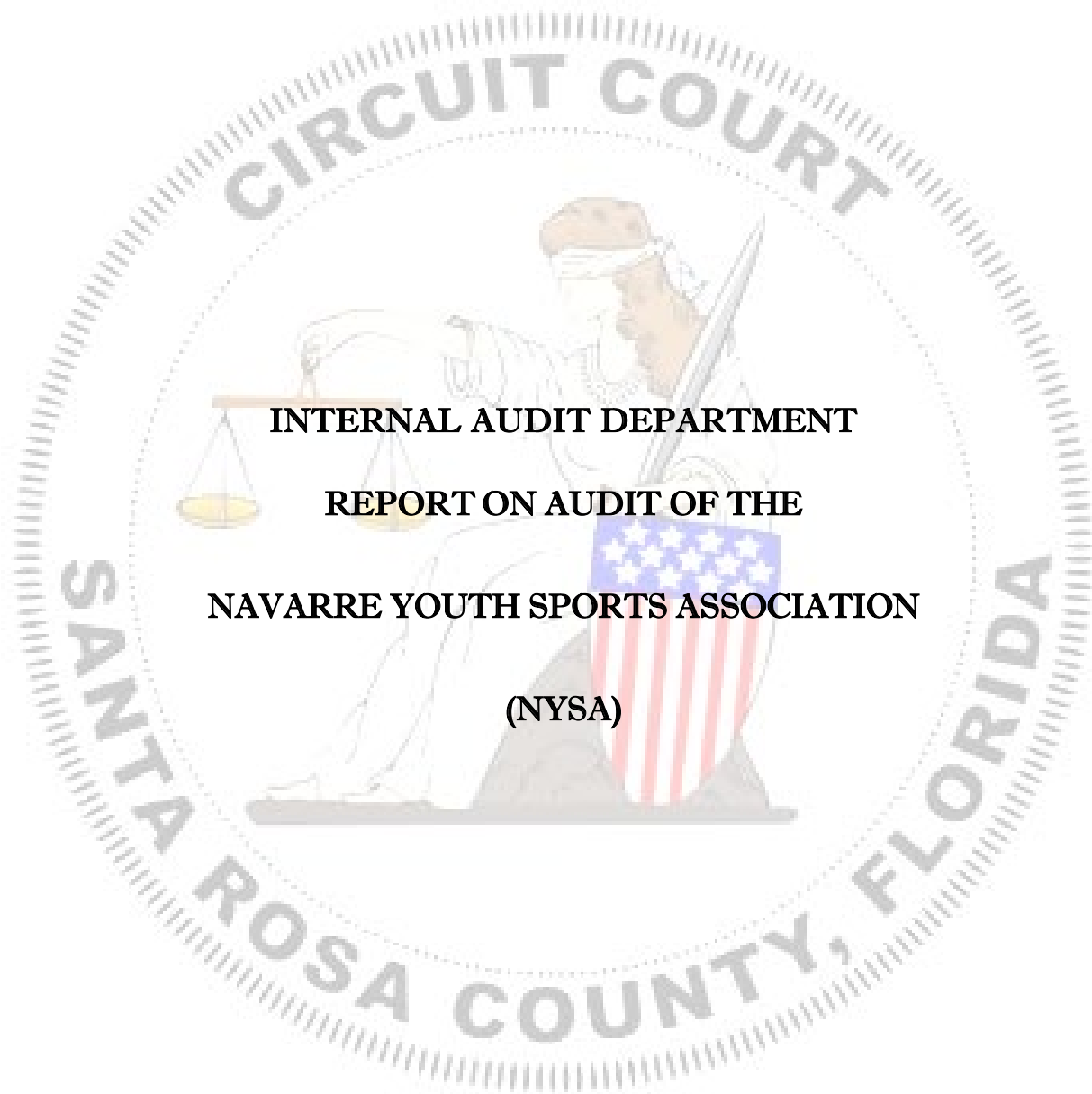
Respectfully,

Teresa Garber, Internal Auditor
Santa Rosa County Clerk of Circuit Court
Internal Audit Department
6495 Caroline Street, Suite B
Milton, FL 32570
garbert@santarosaclerks.com

attch

Cc: The Honorable Ray Eddington, District IV Commissioner, Santa Rosa County
Jason English, Chief Deputy Clerk and Counsel
Navarre Youth Sports Association, Inc.
DeVann Cook, Santa Rosa County Administrator
Brad Baker, Santa Rosa County Assistant Administrator
Susan Hoodless, Finance Director
Jared Lowe, Administrative Services Director

**SANTA ROSA COUNTY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER**



**INTERNAL AUDIT DEPARTMENT
REPORT ON AUDIT OF THE
NAVARRE YOUTH SPORTS ASSOCIATION
(NYSA)**

REPORT NUMBER BCC 23-04

REPORT ISSUED MARCH 8, 2024

BY

TERESA GARBER, INTERNAL AUDITOR

Audit of Navarre Youth Sports Association

Contents

Executive Summary	2
Summary of Findings.....	3
NYSA Background Information	4
Parks.....	5
Oversight.....	5
Volunteers	5
Operations	5
Methodology.....	6
Observations and Recommendations	6
Compliance	6
Fee Structure-Allowance for Needy Children	6
Insurance	7
Volunteers	7
Expenditure Documentation	8
Governance	8
Navarre United Futbol Club.....	9
Commissioner Purchases	10
Purchase Authority.....	10
Debit Cards	11
Board Member Qualification	12
Board Meeting Minutes/Financial Oversight.....	13
Internal Control.....	14
Sales Tax.....	14
Cash Management.....	14
PayPal	14
Conclusion	15
NYSA President’s Response.....	16

Audit of Navarre Youth Sports Association

Executive Summary

We have conducted an audit of the Navarre Youth Sports Association, Inc. (NYSA) in follow-up to the audit conducted by our office in 2020.

The objectives of the engagement were to:

- identify funding sources and amounts generated by NYSA,
- identify and examine supporting documentation for expenses of NYSA,
- verify that all revenues and expenses are accounted for in the books and accounts of NYSA,
- verify compliance with the various terms and conditions of the agreement between Santa Rosa County Board of County Commissioners (SRC) and NYSA in effect during the period under review, and
- evaluate the appropriateness of expenditures of NYSA given the organization's status as a not-for-profit and based on language contained in the agreement with SRC.

Our work covered the period of October 1, 2021 through September 30, 2022 and is authorized in language contained in the agreement between SRC and NYSA. The audit period was expanded when necessary to evaluate the current policies and procedures in place.

Although not a primary objective of our review, we attempted to identify and gain an understanding of basic internal controls over income and expenses, evaluate those controls, to the extent possible, and to make recommendations to improve those controls where appropriate.

This was a limited scope review based on agreed upon procedures and as such is not an audit of the financial statements of NYSA, the purpose of which is to issue an opinion on those financial statements. Accordingly, we have not issued such an opinion.

Based on our work we believe that expenditures of funds made by NYSA were ordinary and necessary for programs and services authorized in the agreement with SRC. While not all expenditures were properly supported by an invoice or receipt, we are reasonably confident that expenditures were appropriate for programs offered. In addition, we have reasonable assurance that revenues generated by NYSA were recorded and deposited into the checking account of the organization.

NYSA has made improvements in response to our previous audit; however, Board governance and internal controls could be improved. In addition, we noted compliance issues with some of the terms and conditions of the agreement with SRC.

Audit of Navarre Youth Sports Association

Summary of Findings

Finding #1: Compliance – Fee Structure-Allowance for Needy Children

NYSA has not formalized written standards that can be followed to measure an applicant's financial need necessary to ensure scholarships are awarded to the intended population.

Finding #2: Compliance – Insurance

NYSA did not maintain workers' compensation insurance covering employees for any occupationally incurred injuries as required by the agreement.

Finding #3: Compliance – Volunteers

NYSA does not centrally maintain an accurate list of volunteers necessary to evaluate compliance with paragraph 9 of their agreement with SRC requiring background screenings for volunteers with the potential for regular or intermittent contact with children.

Finding #4: Compliance – Expenditure Documentation

NYSA does not always maintain evidence of expenditures, i.e. receipts, as required by the agreement.

Finding #5: Governance – Navarre United Futbol Club

NYSA does not document sufficient oversight of NUFC. NYSA does not record in the Board meeting minutes the submission of NUFC's budget to the Board, the Board's approval of such, or the Board's monthly monitoring of NUFC's program balances. Additionally, NYSA issues payments at NUFC's request without confirming Board approval of the expenditures, requiring NUFC to submit invoices or other such evidence to establish the purpose of the expenditure, or obtaining commissioner approval. NYSA does not ensure NUFC's documentation is maintained for five years in accordance with the agreement.

Finding #6: Governance – Commissioner Purchases

NYSA did not establish Board oversight of commissioner purchases. NYSA does not record in the Board's meeting minutes the submission of budgets by the commissioners nor the Board's approval of such. In addition, budgets that reportedly were submitted are not always maintained for five years as required by the agreement between NYSA and SRC. Finally, invoices submitted by the commissioners to the treasurer for payment did not always document the commissioner's approval as required by the bylaws.

Finding #7: Governance – Purchase Authority

NYSA did not properly define the level of purchasing authority granted to the President. NYSA does not require the preparation and submittal of an annual organizational budget for approval by the Board as required by the bylaws. Board approval is necessary to establish purchasing authority for those items outlined in the budget.

Finding #8: Governance – Debit Cards

NYSA made purchases utilized three debit cards during the audit period in conflict with the bylaws without recorded evidence of Board approval.

Finding #9: Governance – Board Member Qualification

Audit of Navarre Youth Sports Association

NYSA did not provide evidence that background screenings were passed for two out of three directors thereby qualifying them for office prior to their appointment.

Finding #10: Governance – Board Meeting Minutes/Financial Oversight

NYSA did not always include in the Board meeting minutes a summary of the Board’s discussion and oftentimes did not document the Board’s review of the monthly financial statements as reported by NYSA officials. In addition, documents reviewed during the meeting were not always maintained along with the minutes to evidence the document reviewed.

Finding #11: Internal Control – Sales Tax

NYSA did not establish internal controls necessary to ensure association funds were not utilized to pay sales tax and reimbursement of expenditures to members did not include sales tax necessary to control the risk of overpayment should the member separately be reimbursed for sales tax by the vendor.

Finding #12: Internal Control – Cash Management

NYSA did not follow the Concessions/Merchandise Procedures requiring dual control of cash to reduce the risk of intentional or unintentional human error. NYSA did not document that cash was counted and confirmed by two individuals and some of the documentation did not evidence the individuals responsible for counting the cash and completing the form.

Finding #13: Internal Control – PayPal

NYSA does not have proper internal controls over PayPal receipts to ensure independent verification. The treasurer maintains access and directs the booking of PayPal receipts without a consistent process for independent verification of the receipt or the disposition of the receipt by the bookkeeper.

NYSA Background Information

NYSA is a federal 501(c)(3) not for profit corporation operating in Santa Rosa County, Florida. It is registered with the State of Florida, Department of State, Division of Corporations as a Florida Not-For-Profit Corporation organized under Chapter 617, Florida Statutes. Its registration is current and lists four officers. Bylaws call for twelve directors of the corporation. There are no residency requirements for membership in NYSA.

According to information on NYSA’s website, <https://www.nysasports.com/>, “NYSA, strives to teach the children of our community good sportsmanship, honesty, courage, and respect so they may be well-adjusted, stronger, and happier children.”

Individuals/families are eligible for membership in NYSA provided they are interested in furthering the objectives of the organization. Members constitute any family with any number of children participating in NYSA sports/recreational programs. Numerous members of NYSA serve as commissioners and coaches of the various sports offered by the association. Coaches, commissioners, directors, and officers of NYSA donate their time, serving as volunteers without compensation.

Audit of Navarre Youth Sports Association

The agreement between NYSA and SRC was effective April 1, 2019. According to the agreement, NYSA is organized to provide social and character development and sports programming for citizens of Santa Rosa County. The agreement states that SRC and NYSA desire to develop athletic and recreational activities at county-owned parks for the use and benefit of the public. The agreement provides that NYSA may manage and administer specific parks in Santa Rosa County for the purpose of providing a location for members of NYSA, as well as other citizens and groups in Santa Rosa County to engage in athletic/recreational programs.

Parks

NYSA operates three parks: The baseball and football fields located at 8840 High School Blvd; the soccer fields located at 9299 Military Trail, and the Holley Baseball field located at Fl-87 & Bob Tolbert Road. They operate four concession stands: three at the main park on High School Blvd. and one at the soccer complex on Military Trail. Profits from concession sales are credited to the specific sport for which volunteers operate the stand.

NYSA operates on a fiscal year basis providing organized sports for youth and adults in Santa Rosa County for baseball, basketball, cheerleading, football, gymnastics, lacrosse, soccer, T-ball and softball.

For the 2021-22 fiscal year ending on September 30, 2022 NYSA reported gross income of \$843,744. After subtracting the cost of goods sold, gross profit was \$829,406 and expenses of \$780,155. According to information provided by the organization, 1,637 youth and adults registered to play in at least one sport during at least one season of fiscal year 2021. Overall, these registrants held 2,265 positions on team rosters during the fiscal year.

Oversight

NYSA has established written bylaws as a means of establishing control and oversight of the organization. According to those bylaws as well as information obtained from their corporate filing with the Florida Secretary of State, NYSA has twelve board of directors that include four officers all of whom donate their time. During the audit period they employed a part-time park manager, a part-time office assistant, and a groundskeeper. In addition, NYSA contracts with the CPA firm Carr, Riggs & Ingram to provide bookkeeping services, prepare financial statements, and file the annual federal tax return for the not-for-profit.

Volunteers

It is important to emphasize that all NYSA coaches, sports commissioners, directors, and officers volunteer their time. They receive no compensation. These people come from every walk of life and generally are parents of children participating in the various programs offered.

Operations

Under the agreement with Santa Rosa County, NYSA manages the three parks mentioned earlier. In addition, the baseball park has a full-sized gymnasium used for basketball and cheerleading as well as dances and special events.

Audit of Navarre Youth Sports Association

Santa Rosa County maintains the common areas of the parks such as parking lots, playgrounds and the ball field lights but does not pay for the costs of utilities. In addition, the county is responsible for any major repairs of the grounds and facilities.

NYSA pays for utilities and maintenance of all playing fields, concession stands and restroom facilities as well as sanitation pick up. NYSA pays for a custodian to maintain the restrooms. For the year under review, utility expenses totaled \$55,517 and cleaning, repairs and maintenance expenses totaled \$52,316. In addition, NYSA pays for all sports officiating, team jerseys, athletic equipment, and janitorial supplies.

Methodology

We obtained and reviewed detailed accounting records for the period under review. We arranged to meet with the officers of NYSA who provided detailed information and documentation concerning NYSA operations. We spoke numerous times with NYSA's contracted information technology consultant and NYSA's bookkeeper.

We spoke with the current president, vice president, treasurer, and secretary for NYSA. We examined NYSA's federal tax return and the federal 1099 forms that were issued to those individuals paid by NYSA and inspected supporting documentation for expenditures of NYSA funds. We reviewed the minutes of meetings and bylaws of the organization. We were given access to NYSA's sports management system, Sports Connect, to evaluate the proper recording of payments processed through the system and internal controls incorporated therein. We analyzed revenues and expenditures to determine the reasonableness of the amounts reported and evaluated the many revenue collection methods for proper internal controls and appropriate segregation of duties. We examined expenditures and supporting documentation to determine the appropriateness of the expense given the nature of the organization.

NYSA revised their bylaws and the NYSA Sports Commissioners' Policies and Procedures (commissioner's handbook) effective January, 2022, three months after the beginning of the audit period. To ensure current bylaws, policies, and procedures were tested, we evaluated only the data that was subject to current requirements.

Observations and Recommendations

The following are our observations and recommendations to address compliance, governance, and internal control issues encountered during our audit of NYSA.

Compliance

Fee Structure-Allowance for Needy Children

Included in NYSA's agreement with SRC is a provision allowing them to charge fees for participation in organized events for amounts reasonably anticipated to cover expenses. Language in the agreement also requires that the fee structure provide appropriate allowances for participation by children without sufficient funds to pay the fees.¹

¹ NYSA's agreement with SRC dated 4/26/2019, Paragraph 10

Audit of Navarre Youth Sports Association

We obtained the fee schedule for the various sports offered by NYSA and were unable to determine if a provision was built into the fee to cover the cost for needy children. We inquired regarding discounted rates for needy children. NYSA officials explained that while anyone can apply for financial assistance, only foster children are automatically granted a full scholarship. The decision to grant other applicants a full or partial scholarship is generally left up to the individual commissioner for that sport, provided a child does not receive more than one award per year, funding is available, and the board approves.

While NYSA has provided broad guidelines for scholarship awards, NYSA has not formalized written standards that can be followed to measure an applicant's financial need. Leaving matters such as this up to individuals within the organization without clearly defined standards to follow can lead to less than intended results, including favoritism, abuse, and/or inconsistencies in scholarship awards.

We recommend that the board of directors for NYSA formally establish clearly defined standards to ensure scholarships are awarded to the intended population.

Insurance

NYSA's agreement with SRC requires NYSA to maintain general liability insurance that covers events outside the scope of the agreement such as festivals, carnivals, fairs, clinics, bounce houses, etc. In addition, NYSA must maintain workers compensation insurance covering all NYSA employees.²

We reviewed the general liability policy currently in effect. NYSA's general liability policy covers all sports programs offered at or above the thresholds required by the agreement. The policy covers fundraising activities only if NYSA is cleared for coverage by their insurance provider prior to the event. During the audit NYSA officials acknowledged that the preapproval requirement had been overlooked.

Additionally, NYSA employed four individuals during the audit period according to their federal tax return. We inquired about workers compensation insurance. NYSA's insurance agent confirmed that NYSA did not maintain such covering employees for any occupationally incurred injuries as required by the agreement.

The purpose of insurance is to mitigate the risk of financial loss. NYSA should ensure appropriate insurance coverage is in place and all activities and employees are sufficiently covered so that the risk of financial loss to NYSA and to SRC is properly mitigated.

Volunteers

NYSA's agreement with SRC requires all volunteers who have the potential for regular or intermittent contact with children to have a background screening performed.³ The commissioner's handbook tasks the commissioner of each sport with ensuring volunteers are screened annually prior to being allowed to be an active volunteer and submitting a list of volunteer

² NYSA's agreement with SRC dated 4/26/2019, Paragraph 12

³ NYSA's agreement with SRC dated 4/26/2019, Paragraph 9

Audit of Navarre Youth Sports Association

coaches to NYSA's board for approval.⁴ In addition, NYSA is required to maintain records for a period of five years according to the agreement.⁵

NYSA does not centrally maintain an accurate list of volunteers to evaluate compliance. We reviewed NYSA board minutes for the audit period to identify the volunteer coaches who were submitted for board approval. The minutes did not document such. When we requested a list of volunteers for the audit period NYSA officials reported that a complete listing may not be available since these lists are disposed of after the close of the season.

At our request NYSA commissioners provided a list of current season volunteers to confirm compliance with the background screening requirement. Utilizing the list provided we tested for compliance only to be told after discussing the results with NYSA officials that the list was inaccurate. Without an accurate listing of volunteers, we could not determine compliance.

Allowing a volunteer to have contact with children prior to confirming the volunteer passed a background screening increases the risk for incidents of abuse and/or inappropriate behavior by volunteers who exercise authority over the minor participants. We recommend that NYSA require all volunteer information, including the dates and results of background screenings, be presented to the board for their review, document approval in the board meeting minutes, and maintain the list of volunteers in a centralized location for five years.

Expenditure Documentation

Whether for profit or otherwise, generally accepted accounting principles dictate that organizations maintain sufficient documentation to support the income and expenses of the organization. Although Florida statute and the rules of the Internal Revenue Service require supporting documentation be kept for a minimum of three years, the current agreement between NYSA and SRC requires NYSA to maintain all records for a minimum period of five years.⁶

For the period under review, we prepared a list of randomly sampled expenditures of NYSA and requested supporting documentation such as receipts or invoices for these expenditures. While NYSA produced receipts for most of the expenditures sampled, 39% were unsupported.

We recommend NYSA maintain all records and supporting documentation for both income and expenses of the association, they be filed in an organized manner for audit, and maintained for a period of five years in accordance with the terms and conditions of the agreement.

Governance

As stated earlier in this report, NYSA is organized as a Florida nonprofit corporation under Chapter 617, Florida Statutes. As such, NYSA's affairs are managed under the direction of their Board in adherence with state law and NYSA's Articles of Incorporation.⁷ Florida statutes define bylaws as the internal operating rules for the management of the affairs of a corporation and empowers

⁴ NYSA Sports Commissioners' Policies & Procedures rev 1/2022, Section VIII

⁵ NYSA's agreement with SRC dated 4/26/2019, Paragraph 22

⁶ NYSA's agreement with SRC dated 4/26/2019, Paragraph 22

⁷ NYSA Articles of Incorporation, Article V

Audit of Navarre Youth Sports Association

the Board with altering or amending the bylaws.⁸ NYSA's bylaws appropriately charge the Board with the responsibility of deciding all matters pertaining to the finances of the sports association.⁹

The Board has the fiduciary responsibility to handle the association's business; act in the best interest of the organization; and ensure the organization adheres to all laws, reporting requirements, the articles of incorporation, and the bylaws. Policy decisions of the association lie with the Board and must be consistent with the association's bylaws. Likewise, the bylaws must be consistent with the laws of Florida. When considering policy changes the Board must ensure the association's bylaws are adhered to or modified as necessary, and internal controls are in place to manage and limit the risk of unintentional and intentional error.

The following are our observations and recommendations in connection with Board oversight.

Navarre United Futbol Club

A travel soccer program, Navarre United Futbol Club (NUFC), operates as a sport program under the corporate umbrella of NYSA and has reportedly done so for approximately fifteen years. NUFC utilizes their own bookkeeper with NUFC funds flowing into and out of the NYSA's bank account. Like the commissioners of all sports operated by NYSA, the commissioner of NUFC is required to submit a budget at the beginning of the fiscal year for Board approval in accordance with the bylaws¹⁰ and the commissioner's handbook¹¹. Being charged with the responsibility of deciding all matters pertaining to the finances of the sports association, the Board effectively authorizes expenditure of funds consistent with NUFC's budget when approved.

The Board's meeting minutes do not document the submission of NUFC's budget to the Board nor does it evidence the monthly monitoring of NUFC's program balances as reported by NYSA officials.

The NUFC bookkeeper makes requests for check issuance by completing a NUFC Check Request Form and submitting the form to NYSA. In turn, NYSA issues the checks as requested without confirming Board approval of the expenditures, requiring the submission of an invoice to evidence the purpose of the expenditure, or obtaining commissioner approval as required by the NYSA Commissioner's handbook¹². In addition, since invoices or other documentation are not submitted in support of the payment, NYSA cannot ensure NUFC's documentation is maintained for five years in accordance with the agreement between NYSA and SRC¹³.

When discussed with NYSA, officials reported that commissioners are allowed to make normal or recurring purchases consistent with their program without board authorization so long as the budget is not exceeded. Our review of the bylaws and the commissioner's handbook ratified 1/2022 indicate that commissioners are required to "delineated all expenditures in a readily

⁸ Florida Statutes §617.0801 & §617.01401(2) & (3), F.S.

⁹ NYSA Bylaws revised 1/2014 and 1/2022, Article XII, Section 1

¹⁰ NYSA Bylaws revised 1/2014 and 1/2022, Article IX, Section 3.f.

¹¹ NYSA Sports Commissioners' Policies and Procedures rev. 1/2022, Section VII.A.
NYSA Sports Commissioners Policies rev. 2012, Section 1

¹² NYSA Commissioners' Policies and Procedures rev 1/2022, Section VII. H. 4.

¹³ NYSA's agreement with SRC dated 4/26/2019, Paragraph 22

Audit of Navarre Youth Sports Association

understandable manner¹⁴” in the budget before submitting for Board approval prior to the start of the fiscal year. As stated above, the Board effectively authorizes expenditure of funds consistent with NUFC’s budget when approved.

We recommend that NYSA require NUFC to adhere to the association’s bylaws by submitting an annual budget by June 30th to ensure Board approval of such before the start of the fiscal year. The budget should contain sufficient detail so that one can easily correlate products and services on the invoice to the budget line item. Additionally, invoices should be forwarded as an attachment to the completed NUFC Check Request Form documenting the purpose of the request and the commissioner’s approval. We also recommend NYSA take measures to ensure sufficient controls are in place over NUFC’s income and expenditures that reduce the likelihood of unintentional and intentional errors.

Commissioner Purchases

Like NUFC, all sport commissioners are required to submit budgets for Board approval in compliance with the bylaws¹⁵ and the commissioner’s handbook¹⁶. The Board authorizes expenditures of association funds consistent with the sport program’s budget when approved. The Board’s meeting minutes do not document the submission of a budget by the commissioners of any sport program. When we requested such, NYSA officials reported that while the budgets were submitted, they were not always maintained nor was the submission of the budgets always documented in the meeting minutes. Expenditures for each sport program offered by NYSA were incurred without evidence of prior Board approval and, although each program creates a budget, they are not always maintained for five years as required by the agreement between NYSA and SRC.

Additionally, according to the commissioner’s handbook revised January of 2022, commissioners are required to approve invoices requesting payment by signing his or her initials on the invoice before forwarding to the treasurer for payment. We reviewed invoices supporting payments dated after the 2022 revision and found that seventy five percent of those invoices did not document the commissioner’s approval.

We recommend that NYSA ensure budgets are submitted in sufficient detail to support invoice submissions and are approved by the Board prior to the beginning of the season. NYSA should ensure the submission and approval of the budgets are documented in the Board meeting minutes and the budgets are maintained with the official records. NYSA should also confirm Board approval of purchases and the commissioner’s approval before paying the invoice.

Purchase Authority

NYSA officials maintain that, on their attorney’s advice, the President derives the authority to make what officials characterize as “routine purchases” without specific Board approval from NYSA Bylaws which state, “The President shall conduct the affairs of the sports association and execute the policies established by the Board of Directors.”¹⁷ We reviewed the attorney’s email

¹⁴ NYSA Commissioners’ Policies and Procedures rev 1/2022, Section VII.A.

¹⁵ NYSA Bylaws revised 1/2014 and 1/2022, Article IX, Section 3.f.

¹⁶ NYSA Sports Commissioners’ Policies and Procedures rev. 1/2022, Section VII.A.
NYSA Sports Commissioners Policies rev. 2012, Section 1

¹⁷ NYSA Bylaws revised 1/2014 and 1/2022, Article IX, Section 3.a.

Audit of Navarre Youth Sports Association

to NYSA we noted the added caveat that this enumerated power of the President is not the same as total discretionary control. When we requested clarification of “routine purchases”, NYSA officials stated that routine purchases were “operational expenses absent of capital expenses.” NYSA did not provide evidence of recorded Board direction to determine the level of purchase authority granted to the President.

NYSA bylaws require the President in conjunction with the treasurer to submit an annual organizational budget to the Board at the annual meeting.¹⁸ According to NYSA officials, a complete organizational budget has never been prepared or submitted to the Board as required. We recommend that NYSA require the submission of an organizational budget in accordance with the bylaws that, once approved, provide the Board purchasing authority specific to the approved budget. In addition, we recommend the Board clarifies the purchasing authority granted to the president while ensuring proper internal controls are in place to limit risk.

Debit Cards

While utilizing debit cards to make purchases is more convenient, doing so requires exceptional oversight by the Board. Issuing debit cards effectively grants purchasing authority to the holder and gives the holder full access to the association’s funds. With each debit card that is issued, the risk of misappropriation due to theft or otherwise increases, the more difficult it is to keep track of spending, and missing money may be difficult to recover.

NYSA’s bylaws authorize the treasurer to make all payments of the association by check.¹⁹ NYSA utilized three debit cards during the audit period. One debit card was issued to the treasurer, another was issued to the groundskeeper, and a third was issued to NUFC’s bookkeeper. We reviewed the NYSA Board meeting minutes and were unable to confirm that the Board discussed and approved purchasing policy changes and debit card issuance that are contrary to the bylaws. When we requested such, NYSA officials reported that prior Board members initially made the decision to issue and utilize debit cards, which has continued since that time. NYSA officials added that permissive and restrictive use and documentation requirements were verbally communicated to each authorized user when the debit card was issued. Documentation of such was not provided.

We noted the following issues connected with the use of debit cards.

NYSA issued a debit card to the former groundskeeper to pay for expenditures related to maintaining the parks. The groundskeeper made \$2,210 in purchases over a 4-month period utilizing the debit card for which receipts identifying the item(s) purchased were not maintained, or otherwise provided. Receipts are necessary to confirm the association’s expenditures were for the benefit of the association as opposed to personal benefit. Fortunately, the groundskeeper reimbursed the association for these purchases in one lump-sum payment when requested without issue.

¹⁸ NYSA Bylaws revised 1/2014 and 1/2022, Article IX, Section 3.f.

¹⁹ NYSA Bylaws revised 1/2014 and 1/2022, Article IX, Section 6.c. & Article XII, Section 6

Audit of Navarre Youth Sports Association

In addition, the groundskeeper, who also served as the basketball commissioner, misused the groundskeeping debit card by purchasing \$528.70 of iron-on transfers used to customize basketball jerseys.

Finally, NYSA issued a debit card to the treasurer who reportedly shared the account number with other officials to make purchases. Doing so makes it difficult to determine the responsible individual in the event a purchase is deemed unnecessary, inappropriate, or unauthorized after the fact.

NYSA should reevaluate the association's current purchasing policy in consideration of the association's needs, taking formal action as necessary. The Board should ensure policies adhere to the bylaws and internal controls are established and followed to reduce the likelihood of unintentional or intentional error. Finally, all actions of the Board should be documented in the Board meeting minutes.

Board Member Qualification

NYSA's agreement with SRC calls for all volunteers who have the "potential for regular or intermittent contact with children" to pass a background screening through the submission of a Santa Rosa County Park and Recreation Volunteer application form. Alternatively, the agreement includes language that allows NYSA to conduct background screenings utilizing its own program if approved by SRC. Beginning in 2023 NYSA received approval from SRC to begin utilizing NYSA's subscription to Sports Engine to conduct background screenings.

NYSA's revised bylaws require all candidates for directorship to pass a background screening to qualify for a position on the board. Article VI, Section 8 of NYSA Bylaws revised 1/2022 states in its entirety:

"Director Qualifications: Directors shall be at least 18 years old, must pass a background check, must have no financial investments in NYSA, or known conflicts of interest with the organization, and must have a sincere interest in the welfare of the children and families within our membership."

Sixteen members served on NYSA's board during the audit period. Three of those members were subject to the background screening requirement to qualify for directorship since their appointment was subsequent to the ratification of the revised bylaws.

Utilizing background screening reports obtained from SRC and from NYSA's subscription to Sports Engine, we were unable to locate evidence that two of the three qualified for directorship when appointed or voted to office. When discussed, NYSA officials reported that the qualification requirement in the Bylaws was just for those candidates that did not volunteer around children. We could find no such qualifier in NYSA's bylaws in reference to directorship qualifications.

NYSA officials also claimed that the two candidates for whom we could not locate any background screenings conducted by SCR or Sports Engine held security clearances with the USAF as reported by the candidates on the submitted biographies. Even though such was not confirmed by a review of the biographies, our review of the board meeting minutes did not indicate that such was discussed or verified by the Board before allowing the candidates to be considered for directorship.

Audit of Navarre Youth Sports Association

We also could not find evidence that the county approved NYSA to utilize USAF security clearance for background screening purposes.

Appointing a member into a position that has the power to affect future decisions of a nonprofit youth sports program without first verifying that there is no past indication that he or she may pose a threat to the youth that are served by that program suggest a breach of duty. Additionally, it is questionable whether actions taken by board members who were ineligible for office are legal, binding, and enforceable.

We recommend that NYSA's board require proof that candidates have passed a background screening and are qualified before being considered for office.

Board Meeting Minutes/Financial Oversight

State law requires all Board discussions and decisions be recorded in the meeting minutes regardless of whether the Board met in person or remotely.²⁰ The minutes serve as the legal record of the actions of the Board. Without complete and clear meeting minutes, memories may differ and the basis on which decisions are made may be subject to legal challenge.

We reviewed the Board meeting minutes and noted that the documents reviewed during the meeting were not always maintained along with the minutes. In addition, the minutes do not always include a summary of the Board's discussion and oftentimes do not document the Board's review of the monthly financial statements as reported by NYSA officials.

For example, the April 6, 2022 meeting minutes indicate that the resumes of two candidates were provided to the Board during the meeting and a vote was taken to elect one as a basketball commissioner. Although the meeting minutes stated that both resumes were attached, no attachments were provided.

Likewise, the May 25, 2022 Board meeting minutes references an attachment detailing a \$1,952 quote for which a vote was taken and approved; however, the quote was not maintained with the minutes to evidence the document reviewed and voted on by the commissioners.

We recommend that NYSA ensure minutes document all Board meetings, regardless of how the meetings are held. Minutes should include a list of Board members in attendance, whether a quorum is present, a summary of the discussions held, and the outcomes of votes taken. The minutes should contain sufficient detail to provide a basis for the decisions made. All documents reviewed during the Board meeting should be maintained as an attachment to the minutes.

In addition, the minutes should indicate that monthly financial statements are provided for review by the Board, thereby documenting the Board's evaluation of the organization's financial health. The details of any Board discussion concerning the financial statements, including challenges to or questions about numbers that don't make sense, should also be captured in the meeting minutes.

²⁰ Florida Statutes §617.1601(1), (4), & (5)(c)

Audit of Navarre Youth Sports Association

A copy of the financial statement reviewed by the board should be attached to the meeting minutes and maintained in NYSA's official records.

Internal Control

Sales Tax

NYSA has been granted the sales tax exemption status from the Florida Department of Revenue and holds a certificate of such. Even so, NYSA paid Florida sales tax in 66% of the expenditures sampled totaling \$466.62.

One of the expenditures totaling \$5,854.72 was for football helmets with a cost of \$5,471.70 plus \$383.02 in Florida sales tax. Since the total cost exceeded the NYSA debit card daily limit of \$5,000, the treasurer utilized a personal card to make payment. NYSA subsequently reimbursed the treasurer for the cost of the helmets and sales tax at the risk of overpaying the treasurer should the vendor subsequently reimburse the treasurer for the sales tax paid due to NYSA's tax-exempt status.

We recommend NYSA establish and ratify internal controls to ensure association funds and perceived conflicts of interest are properly managed.

Cash Management

NYSA has documented cash handling procedures in their Concessions/Merchandise Procedures. Although we were unable to confirm this procedure was ratified by the Board, we noted that the procedure includes proper internal controls that, if followed, will reduce the likelihood of unintentional and intentional error in the handling of cash.

The Concessions/Merchandise Procedures requires all cash to be double counted by at least two members and recorded on a cash deposit form. Both members are required to sign and date the form before submitting it along with the cash to the treasurer for deposit. Once deposited, the treasurer attaches the deposit slip to the form and maintains such in the official records of NYSA.

We reviewed a sample of the cash deposit forms utilized by NYSA to determine compliance with the procedures. The cash deposit forms reviewed showed that cash was not counted by two individuals as required. In addition, some of the forms reviewed did not document the individuals responsible for counting the cash and completing the form. In one instance, the cash recorded on the form was \$100 less than the cash deposited into NYSA's bank account.

We recommend NYSA ratify procedures for proper control over cash management and educate their members on the importance of following such.

PayPal

NYSA accepts payments and/or donations electronically utilizing PayPal. NYSA's procedures for accessing and booking PayPal receipts lacks effective internal controls. Proper segregation of duties is an internal control that ensures that the individual responsible for the receipt and disposition of cash is not also responsible for recording cash transactions. It serves as a system of checks and balances that reduce the likelihood of intentional and unintentional errors.

Audit of Navarre Youth Sports Association

NYSA's treasurer has access to the association's PayPal account online and regularly transfers funds from the PayPal account to NYSA's bank account. The treasurer records each PayPal receipt and the associated transfer of funds into NYSA's bank account on a handwritten monthly log that is forwarded at month's end to the bookkeeper. The bookkeeper utilizes the log to record the receipts and associated deposits into QuickBooks as directed by the treasurer.

The treasurer not only has access to the PayPal receipts, but also directs the booking of such into the association's accounting records. Since the bookkeeper did not have online access to the association's PayPal account, there was no independent verification that the PayPal receipts were correctly recorded on the treasurer's log and the bank deposit was accurate prior to entering the transactions into the accounting records.

NYSA should improve internal controls over PayPal receipts by requiring the bookkeeper to obtain PayPal statements online and conduct a reconciliation of the statements to the association's accounting records. In doing so, any intentional or unintentional errors can be identified and corrected.

Conclusion

Based on our work we conclude that expenditures made by NYSA were for programs and services authorized in the agreement with SRC. While not all expenditures were properly supported by an invoice or receipt, we are reasonably confident that expenditures were appropriate for programs offered. In addition, we have reasonable assurance that revenues generated by NYSA were recorded in accounting ledgers maintained by NYSA and deposited into the organization's bank account.

The Board has implemented internal controls and continues to exercise governance over the association; however, more attention needs to be devoted to ensuring compliance, enhancing internal controls to manage risk, and documenting oversight efforts.

We presented a draft of this report to the current NYSA Board for discussion. The following is the president's response to the report on behalf of the board of directors.

End of Report



Navarre Youth Sports Association

8840 High School Blvd.
Navarre, FL 32566
850-939-5202

Mrs. Garber,

Thank you for granting us an extension to respond to your audit report, we wanted to properly address each of your findings. We appreciate your time and consideration. We also appreciate the thorough investigation into our processes and procedures and look forward to implementing new policies and properly documenting current policies to help our organization run more efficiently. As noted, NYSA is a large operation, providing eight sports programs to the boys and girls of South Santa Rosa County. All funds are derived from program fees, membership fees, sponsorships, and fundraisers. The only support from Santa Rosa County comes in the form of maintenance, equipment, and repairs. We do not receive any monetary support.

NYSA's goal is to serve the children of Santa Rosa County. We have consistently endeavored to refine our processes to do accomplish that goal as well as possible. We must simultaneously acknowledge that the implementation of excessive oversight and regulatory structures can be a direct impediment to the ability of our all-volunteer group to effectively provide service to those children. Moving forward, we hope to continue to have a productive relationship with the Santa Rosa County Board of County Commissioners that accomplishes NYSA's stated goals, which are to the benefit of our entire community.

As an all-volunteer, non-profit organization, we have significant limitations on the procedures that we can require of our volunteers, but we have checks and balances throughout the organization to ensure that the association's finances are safeguarded. To add, certain policies and procedures that were deemed insufficient were not effectively communicated to management. Such as, the need for certain documentation to be kept for five years, insurance requirements, and necessitated documentation procedures in place. In 2020, NYSA was given a report with no noted deficiencies, since that time we have strengthened and executed additional internal controls and instituted written procedures. Over the past three years, we have implemented and updated policies to increase Board oversight and productivity of operations. For example, NYSA hired an external accounting firm in 2022 to perform monthly book-keeping tasks, and more recently hired an internal bookkeeper to foster continuity and compliance. Furthermore, we have created and applied training programs for figureheads within the organization, such as new commissioner training. We have created written SOPS over the last two months to address your concerns and are looking into a robust amendment to our current Bylaws.

www.nysasports.com | board@nysasports.com

NYSA understands the importance of a financial audit in the current climate, and we have worked diligently to ensure that all funds are properly allocated, and controls are in place to help mitigate the risks of misuse and misappropriation. We are pleased to note that there were no material findings regarding our financial activities. There were no reported abnormalities regarding our financial statements and all purchases and expenditures were reasonable and used in furtherance of our organizational mission.

Attached you will see the specific response to your findings. We hope that this clarification will give additional insight into our operations.

Thank you,
Chrissy Flanigan
NYSA President

Operations

NYSA also pays for insurance and background checks as well.

Compliance

Fee Structure- Allowance for Needy Children

NYSA has never denied any child a scholarship. We have recently consulted with our counsel to ensure that we can use household income as a determination for program scholarships. Income tiers will determine if someone is automatically eligible for a full, partial, or no scholarship. NYSA will still allow for extenuating circumstances and hardships when granting scholarships as the organization wants to keep children in sports. Policy created and adopted by the BOD on 2/21/2024.

Insurance

NYSA was not aware of the need for fundraisers to garner separate approval from the insurance carrier. Since the audit review, a policy was immediately implemented that requires all fundraisers to get approval from the insurance agent prior to the event. This requirement was addressed in Board meeting and sent as a memo to all commissioners. Furthermore, NYSA will consider an update to the Commissioner's Handbook. NYSA recognizes the need for Worker's Compensation per the SRC agreement. At the time of the previous audit in 2020, there were three people employed by the organization. At that time there were no notations made about the deficiencies of insurance coverages. Currently, NYSA has no employees and only utilizes independent contractors. Going forward, a handbook has been created for both Employees and Independent Contractors which notates the need for the Board to utilize Worker's Compensation insurance before hiring an employee.

Volunteers

NYSA requires all volunteers to have a clear background check on file. Previously, there were limitations on the timing of these checks being completed as they had to go through the Santa Rosa County system. Currently, no one is allowed to be around children without a passed background check on file with NYSA. The volunteer screenings are performed through Sports Engine. This system was implemented in 2023 and allows for the checks to come back in a timely manner. We did not keep a centralized listing of coaches separate from the background check listing after the conclusion of a sports season. The agreement with SRC does not specify the need for these files to be kept for an extended period of time. In January, we implemented a centralized coaches list that will be housed in the front office going forward. An SOP for Background checks was created and ratified on 2/21/2024. We did provide the auditor with a current coaches list for review, as we keep the coaches information on file within the current season. When there was a question about one of the volunteers listed as a coach without a background check, we explained that this person ended up not coaching because of a life event, at this point our list was deemed inaccurate. We currently have over 530 volunteers registered in our background check system from 2/2023 – 2/2024.

Expenditure Documentation

NYSA requires itemized invoices to be submitted prior to payment. We confirm the reasonableness of all expenditures before payment is rendered. There are some limitations when working with an all-volunteer organization, but controls are present to minimize the risk of misappropriation. Furthermore, in 2022 we began utilizing a third-party accounting firm to handle monthly financial reconciliation and bookkeeping activities.

NUFC

The agreement with NUFC has not changed since the last audit performed in 2020. At that time there were no notations made about the deficiencies of the current practices. NUFC employs their own bookkeeper to help manage financial operations. In response to your findings, we have implemented a check approval process, required NUFC to submit an annual budget to the NYSA BOD for approval, and asked for a listing of coaches to be approved annually.

Commissioner Purchases

NYSA manages eight programs, and all are overseen by volunteer commissioners. Commissioners are asked to submit budgets prior to the fiscal year. Previous budgets were not kept on file after the conclusion of the fiscal year. Budgets are submitted to the Board President and Treasurer for review and then voted on by the Board. Not all budgets were submitted at the same time and therefore the approval process was not properly documented. For FY 2023-2024 all budgets were submitted, and Board approved, on 12/6/2023. The Board will consider a change to the Bylaws and other applicable documents regarding the date required for budget submission.

Commissioner approvals are necessary before any purchases are made and charged to a program. While the initials of a commissioner may have not been notated, there was a verbal, email, or text approval obtained. Furthermore, commissioners were provided with a detailed listing of transaction history to ensure that the purchases within their program were coded correctly.

A SOP for Purchase Policies as well as an update to the Commissioner's Handbook noted the need for all invoices to be approved and for documentation to be kept with the invoice showing approval. We will work diligently to ensure that proper authorization is notated. This policy was Board ratified on 2/21/2024.

Purchase Authority

Purchase Authority has been the same at NYSA since the last audit performed in 2020. At that time there were no notations made about the deficiencies of the current practices. Due to the size of our organization and need for expedient purchases at times, there is a need for the President to have authority to make routine, operational expenses. NYSA has taken over significant maintenance and ground activities since 2021 which has made this need more evident. In response to the audit recommendations, we have created a SOP for Purchasing with defined limits. This policy was Board ratified 2/21/2024. This policy allows a purchase approval of up to \$1500 for the President, with anything over \$500 being presented at the next Board meeting.

NYSA has approved and reviewed all sports program budgets for the current year. NYSA has recommended a bylaw amendment that only requires all sports budgets to be submitted as these make up most of NYSA's operational expenses. Furthermore, we will now require invoices to be initialed by the Commissioner or back-up from the approval email stapled to the invoice for record-keeping practices.

Debit Cards

Debit Card usage has been the same at NYSA since the last audit performed in 2020. At that time there were no notations made about the deficiencies of the current practices. There are daily spending limits on all debit cards. Due to the size of our organization, volunteer limitations, and the need for expedited purchases, NYSA has utilized debit cards for some time. The board approved the use of debit cards in place of checks on 2/7/2024. The board created and approved a debit card policy on 2/21/2024. The NYSA BOD created a paid bookkeeper position in November of 2023, in addition to utilizing an independent, public accounting firm. This position was created to help mitigate the limitations of having a volunteer in the Treasurer role and to promote continuity within the financial operations of the organization.

NYSA created a Groundskeeper position in 2022 when the county stopped field maintenance operations. The nature of the position required frequent gasoline and maintenance supply purchases. All purchases made were reasonable and most were made to gas stations during the contracted labor period. When receipts were not presented, it was notated and all transactions with missing receipts were reimbursed by the Groundskeeper to the association. In addition, the contracted Groundskeeper was also a volunteer commissioner. There was a need for an expedited purchase of uniform supplies while the volunteer treasurer was out of town. At that time, the debit card was locked at the Treasurer's home for safeguarding. The purchase from the Groundskeeper's debit card was approved and supporting invoices were provided.

In 2023, NYSA adopted a petty cash reimbursement system for the Groundskeeper as opposed to issuing the individual a debit card.

Due to the time limitations of an all-volunteer staff, vetted individuals were given the debit card number to make approved purchases with documentation. The addition of the internal bookkeeping position has nullified the need for multiple people to make purchases.

Board Member Qualifications

All volunteers who interact with children were formerly required to have an active Background Check through SRC. In February of 2023, SRC permitted NYSA to employ their own system, SportsEngine. However, prior to the implementation of this system, background checks were done manually and could take months to complete. The two Board members notated in this excerpt were USAF members with active background checks and security clearances completed by their employment. Both individuals submitted biographies which referenced their positions. The BOD was confident in their ability to serve the organization. All current Board members have both SportsEngine checks as well as the ones their employment offers. Our Bylaws do not require a specific background check system to be utilized for BOD members. All elected and appointed Board members were held to the high standards of our association and all decisions made were therefore legal and enforceable. NYSA will consider a Bylaw amendment to

state, "Board members should be able to pass a SportsEngine background check. Newly elected members will complete checks directly after elections." This will alleviate the issues surrounding expenses incurred with background checks.

Board Meeting Minutes/Financial Oversight

Meeting minutes have become significantly more detailed since 2020. At this time there were no noted deficiencies reported regarding record-keeping in the county's audit. Additionally, NYSA has implemented training for all new secretaries and required that supporting documentation be kept with the minutes. This was implemented in November 2023. Due to the limitations of volunteer schedules and our external accounting firm, some months updated financial information was not available. However, all programs were given their fund balances regularly. Program commissioners also check the transaction detail periodically to ensure accuracy. Furthermore, a new Treasurer's Report has been added to the monthly meeting agenda.

Sales Tax

NYSA holds active vendor accounts with several businesses. These businesses are recommended vendors and are regularly used by the organization. Most of these vendors keep a sales tax exemption certificate on file. Due to the nature of an all-volunteer organization sometimes volunteers must purchase supplies and then receive reimbursement from the organization when appropriate documentation is presented. We will review the current policy to consider including that sales tax is not reimbursed by the organization. However, we do not want to overburden our volunteers with financial stress. These purchases are already discouraged and only to be made in certain circumstances.

The referenced transaction was an approved purchase made because of time-specific limitations and a daily limit imposed on the organization's' debit card. The vendor's sales tax policy only allowed for reimbursement of sales tax after the fact, in cash. The sales tax was reimbursed in cash and then deposited into the association account on 6/28/22.

Since this organization is run by all-volunteers, there are several positions that are held by the same people within the organization. We attempt to mitigate these risks by having the approval of another individual before expenditures are made. In the case of the referenced purchase, the purchase had prior approval given by the football commissioner.

Cash Management

NYSA has significant controls over the handling of cash. Controls have only been strengthened by the addition of training and written policies since 2020 when the County audit noted no deficiencies. The written policy that has been utilized over the past three years was Board ratified on 2/21/2024. We note that there were no material findings during the current audit.

PayPal

The use of PayPal was approved by the Board of Directors in 2021 to help mitigate the risks of cash handling. To provide control over the account, all PayPal transactions were reviewed by Sports Programs as these accounts were used for sponsorship funds. While there has been no malfeasance on the part of the Treasurer and organization, we have asked the external bookkeeper to reconcile all PayPal

transactions beginning in January of 2024. Furthermore, the external bookkeeper has been given access to the PayPal account for reconciliation and review.