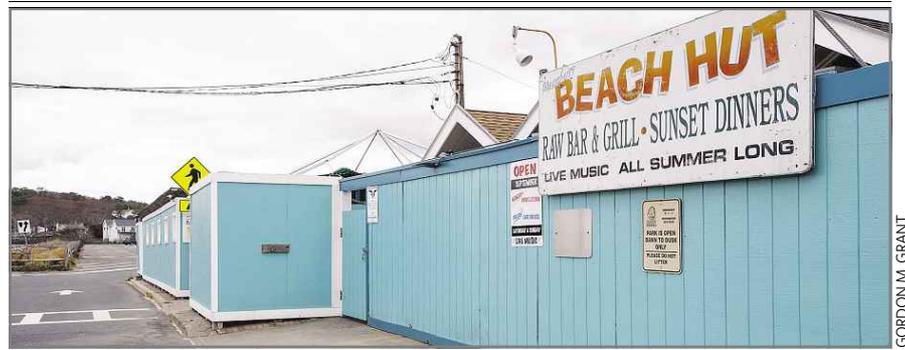




LONG ISLAND



Audited concessionaire Beach Hut, at Meschutt Beach County Park in Hampton Bays.

GORDON M. GRANT

Audit finds more Beach Hut losses



POLITICS & POWER

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Suffolk County Comptroller John Kennedy — who last year in the midst of an ongoing audit helped prosecutors recover \$1.113 million in unpaid taxes and fees from Beach Hut, a now-banned parks concessionaire — released his final report Friday, which estimated more than \$1 million in additional losses.

The audit disclosed the county has still failed to collect on \$269,550 in fees Beach Hut owes from 2017, the year after the 2012-2016 audit period, and that parks officials failed to make Beach Hut comply with the obligation to make 99 percent of the \$533,000 in capital improvements required by the contract.

The audit also estimates that Beach Hut sales for the period 2016 and 2017, after the district attorney's prosecution and before the firm was fired in January, amounted to another \$1.25 million, which meant a loss of \$124,542 in extra county revenue and a state sales tax loss of \$100,000.

The comptroller said he will submit the final audit findings to both District Attorney Timothy Sini and the state attorney general as well as County Attorney Dennis Brown for additional potential recoveries.

Fred Marsillio, Beach Hut president, did not return calls for comment.

"It's a sad post-mortem on the unfortunate collapse of an agency that failed to function for much of the last decade," Kennedy said. The comptroller said he does not blame the current parks commissioner, Philip Berdolt, who took over the job last year. Kennedy said there has been improvement with the hiring of a new beach concessionaire, J&B Restaurant Partners, a major Long Island restaurant operator that runs concessions at Jones Beach.

But Kennedy said his audit signals a

broad need for the parks department to improve its fiscal operations to oversee its 19 concession contracts, not only at the beaches, but also at golf courses, stables, shooting ranges and other park facilities. In large part, the comptroller found that parks department difficulties stemmed from the decision to disband a parks contract team in 2012, noting, "The oversight of concessions has been ineffective since then."

Specifically, Kennedy's final Beach Hut audit faulted the parks department for having no formal policy manual for administering contracts and "lacking the employees with adequate financial acumen to effectively monitor" the contracts. The audit also found a lack of management supervision and said the department failed "to enforce provisions . . . for submission of yearly plans for capital improvement and other operations."

On-site inspection also found a "severe lack of control of cash operations" that led to the original referral to the district attorney's office. Auditors also found officials had the authority to collect gross receipts revenue periodically, but only sought them annually. Auditors even found that from at least 2006, Beach Hut had a deal with an ice cream truck vendor at Smith Point Beach in Shirley without a permit or permission of the parks commissioner. Beach Hut also had operated at Cupsogue Beach in Westhampton and Meschutt Beach in Southampton.

The department in a nine-page response said it agreed with many of the audit's findings, but disagreed with others and found some misleading. Officials say the department is working with the county's performance management team to draft a policy manual, and they recently received approval of a principal financial analyst to provide better oversight of the contracts unit. Under its new concession contract, officials say, they will collect gross receipts fees monthly. They also concurred with the finding on the ice cream truck and have corrected that problem.



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~ Lysa ~



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