

Washington State Auditor's Office
Accountability Audit Report

Naches Park and Recreation District
Yakima County

Report Date
April 11, 2014

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Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

April 21, 2014

Board of Commissioners
Naches Park and Recreation District
Naches, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Naches Park and Recreation District's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Yakima County
April 11, 2014**

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Audit Summary

Naches Park and Recreation District Yakima County April 11, 2014

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Naches Park and Recreation District from January 1, 2010 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open Public Meetings Act
- Conflict of interest
- Cash receipting
- Payroll
- Disbursement/travel/credit card use

RESULTS

In some areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

Description of the District

Naches Park and Recreation District Yakima County April 11, 2014

ABOUT THE DISTRICT

The Naches Park and Recreation District operates a public swimming pool and a park. The District is primarily supported through property taxes and operated on a budget of approximately \$115,000. The District is administered by an elected, five-member Board of Commissioners and has one full-time employee and approximately 15 to 20 seasonal employees.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Wayne Hawver, Chair
Daniel Cypher
Laura Gillespie
Curtis Henning
Jared Hinze

APPOINTED OFFICIALS

Finance Officer

Kit Hawver

DISTRICT CONTACT INFORMATION

Address: Naches Park and Recreation District
207 Naches Avenue
Naches, WA 98937

Phone: 509-930-1724

AUDIT HISTORY

In the past, we audited the District through annual assessments. This audit is the second onsite audit of the District. The prior audit covered the period January 1, 2006 through December 31, 2009. That audit resulted in one finding concluding that controls over cash receipting were insufficient to protect public funds. We followed up on the issue during the current audit and found it is partially resolved with the unresolved issues communicated to management.

Status of Prior Audit Findings

Naches Park and Recreation District Yakima County April 11, 2014

The status of findings contained in the prior years' audit reports of the Naches Park and Recreation District is provided below:

1. **The District's controls over cash receipting were insufficient to protect public funds.**

Report No. 100552, dated March 10, 2011

Background

Naches Park and Recreation District collected approximately \$19,070 to \$29,730 annually during 2006 through 2009 from pool admissions, swim passes, swim lessons, pool rentals, concessions, park site rentals, etc. We reviewed controls over cash receipting and found the following internal control weaknesses:

- Multiple cashiers have access to the same cash drawer.
- Receipts are not issued for all moneys received, such as pool admissions. Cash registers do not produce receipts and manual receipts are only written upon request. Moreover, there is no process for ensuring that all the pool admissions collected were deposited.
- Manual receipts are pre-numbered but were not in a book or kept in one location. Therefore, receipts were not used in sequential order and some were not used at all. Moreover, receipts were not reconciled to the money collected.
- Bank reconciliations were not performed regularly or timely.

We recommended the District establish internal controls to ensure:

- Revenue collected is receipted and deposited intact.
- Receipts are sequentially issued, accounted for and reconciled to money collected.
- Deposit slips are maintained and reconciled to receipts issued.
- Bank statement reconciliations are performed by an independent person in a timely manner.

- The District provides cashiers with written cash handling procedures and training.

Status

We determined the prior audit recommendations are partially resolved. We identified the following control weaknesses, which were reported to management:

- The District lacks cash handling policy to ensure all revenues collected are immediately receipted, timely deposited and reconciled with bank.
- End of day cash receipting reports for pool admissions are not always independently reviewed and approved before funds are deposited.
- Bank reconciliations are not performed in a timely manner. We noted reconciliations were not completed for 2010, and not performed for the months of October through December 2011, or for April through December 2012. The bank reconciliations for fiscal year 2013 were not reconciled until year end in December 2013.
- The Board does not monitor monthly bank statements to ensure all expected revenue, including donations, are deposited.
- The District does not require all revenues receipted and deposited with its local bank to be submitted to its County Treasurer weekly, in accordance with a waiver from the Treasurer. Our review of bank statements for the months of June, July and August 2010, 2011, and 2012 indicates the District is averaging only one to two deposits per month.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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