



Washington State Auditor's Office

Government that works for citizens

Accountability Audit Report **Washington State Parks and Recreation Commission**

For the period July 1, 2013 through June 30, 2015

Published September 8, 2016

Report No. 1017241





Washington State Auditor's Office

September 8, 2016

Mr. Don Hoch, Director
Washington State Parks and Recreation Commission
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Commission operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Commission's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In most areas we audited, Commission operations complied with applicable requirements and provided adequate safeguarding of public resources. The Commission also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we noted certain matters that we communicated to Commission management in a letter dated August 24, 2016, related to internal controls over fuel purchases. We appreciate the Commission's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the Washington State Parks and Recreation Commission from July 1, 2013 through June 30, 2015.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Commission's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Cash receipting and discover passes
- Fuel cards
- Purchase cards
- Payroll
- Travel

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Washington State Parks and Recreation Commission
July 1, 2013 through June 30, 2015**

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of the Washington State Parks and Recreation Commission. The State Auditor’s Office has reviewed the status as presented by the Commission.

Audit Period: 7/1//2012 – 6/30/2013	Report Ref. No: 1012773	Finding Ref. No: 1
Finding Caption: The Commission lacks adequate controls to safeguard and account for fuel card purchases.		
Background: The Washington State Parks Commission has more than 120 parks and retreat centers located throughout the state. From July 2012 to July 2013, the Commission spent more than \$1 million to purchase fuel; \$660,000 of this was spent on individual fuel cards. Some of the state parks also have bulk fuel storage containers located onsite for use as needed. From July 2012 to July 2013, more than \$385,000 of bulk fuel was purchased. Bulk fuel logs are kept at the individual state park. We examined fuel transactions at Financial Services, a department of the Commission, and at seven state parks including Belfair, Dash Point, Deception Pass, Jarrell Cove, Millersylvania, Saint Edward and Saltwater. Our audit found the Commission: <ul style="list-style-type: none"> • Has no written policies or procedures on the usage of fuel cards. • Does not compare or reconcile individual receipts kept by the state park locations to the monthly fuel card statements received by Financial Services. • Does not compare the vehicle usage and mileage logs, which describe the miles driven and purpose of the trip, to the actual statements. 		
Status of Corrective Action: <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>A review of current and prior practices resulted in new written policies and procedures to address the finding. New and enhanced monitoring and reconciliation procedures were also added to safeguard the integrity of fuel purchasing. Fuel purchases can now be compared to mileage records and vendor reports in order to be more accountable, transparent, and strengthen internal controls. Three (3) new tracking logs were designed, created, and</i>		

implemented after input from various field staff workgroups which include the Vehicle Fuel Usage Log, the Equipment Fuel Usage Log, and the new Bulk Fuel Log along with detailed instructions for users and supervisors to perform the appropriate monthly reviews and reconciliations. The long term goal is to get all of the agency's vehicles included in the Department of Enterprise Services (DES) fleet management system to automate the process.

Audit Period: 7/1//2012 – 6/30/2013	Report Ref. No: 1012773	Finding Ref. No: 2
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Finding Caption:
The Commission lacks adequate internal controls over cash receipting, which increases the risk that undetected errors or losses could occur.

Background:
The Commission is funded through state general fund dollars and the Discover Pass. This pass allows users to access any state-managed park by paying an annual fee. This is the first audit of the Commission since the state instituted the pass.
During the 2013 fiscal year, the Commission receipted more than \$34 million in revenue, of which \$11.6 million was collected at state parks and \$5.5 million through the Discover Pass program.
We reviewed the Commission's cash receipting procedures at Financial Services and at seven state parks including Belfair, Dash Point, Deception Pass, Jarrell Cove, Millersylvania, Saint Edward and Saltwater.
Discover Passes:
Our audit found the Commission:

- Does not have any written inventory procedures to ensure the proper tracking of passes printed or distributed.
- Does not maintain a daily log stating the number of passes that were sold.
- Does not reconcile the number of passes sold to deposit slips to ensure that all revenues receipted were deposited.

Cash Receipting:
Our audit found the Commission:

- The mode of payment is not shown on the cash receipt.
- Has no control to ensure all funds collected through secured boxes are deposited.
- Has only one individual collecting cash from the secured boxes at the decentralized park locations.
- Does not consistently make deposits in a timely manner.

Status of Corrective Action:
 Fully Corrected
 Partially Corrected
 Not Corrected
 Finding is considered no longer valid

Corrective Action Taken:

Through completing a Lean review and other efforts, the commission has implemented a new process and resultant forms in order to be more accountable and transparent in our daily cash business receipting. The new process puts improved internal controls in place to ensure that: daily sales are reconciled in detail; issued receipts contain the mode of payment from customers; and all passes issued are reconciled by shift to the number sold. The commission also started to review park deposits at a more detail level to ensure they are made within the deposit waiver guidelines; and began conducting reviews of financial activity at individual parks. Additional improvements are still being considered and will be pursued.

RELATED REPORTS

Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2015, can be found at: <http://www.sao.wa.gov/resources/Pages/AnnualReports.aspx>

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each Commission, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

INFORMATION ABOUT THE COMMISSION

The Washington State Parks and Recreation Commission manages a diverse system of 120 developed state parks and a variety of recreation programs. These statewide programs include boating, cross-country skiing and snowmobiling trails. The Commission has approximately 500 full-time and 350 seasonal employees who provide public access to significant natural, cultural, historical and recreational resources. There are also another estimated 11,000 volunteers across the state who contribute approximately 200,000 hours to help provide parks and recreation services and protect resources under the Commission's care.

The Commission has a total 2014-2015 biennium operating budget of \$149 million. The mission of the Commission is to care for Washington's most treasured lands, waters and historic places. State parks connect all Washingtonians to their diverse natural and cultural heritage and provide recreational and educational opportunities that enhance their lives. The Commission fosters outdoor recreation and education statewide to provide enjoyment and enrichment for all and a valued legacy to future generations. As part of its mission to care for historic resources, the Commission cares for approximately 700 historic buildings and sites related to Native Americans and early settlers. Parks also reflect the state's geologic history, including the dramatic story of Ice Age Floods that carved much of the state's landscape.

A seven-member volunteer Board serves as the Commission – the policy-making body for the statewide park system. Board Members are appointed by the Governor to staggered, six-year terms and the Commission meets seven times a year. The Commission hires a Director to oversee the management of the park system. There are regional offices in Wenatchee, Burlington, Olympia and the main office is in Olympia.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Washington State Parks and Recreation Commission at <http://portal.sao.wa.gov/ReportSearch>

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
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