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**State Parks and Recreation Commission (PARKS)**

**Agency: 465**

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**Audit Report:** 1003078

**Finding Number:** 001

**Finding:** The Washington State Parks and Recreation Commission is not adequately monitoring change orders for its public works projects.

**Resolution:** State Parks has been reviewing and revising its contracting process for several years and agrees there were some internal control weaknesses. During that review and prior to the start of this audit, State Parks planned an organizational change to address those weaknesses. Effective July 1, 2009, to ensure separation of duties and stronger internal controls, all agency contract functions were combined into one contracts section under Administration, Finance and Technology.

This organizational change provides consistency in contract processing throughout the entire agency. The changes also initiated new procedures that include independent staff verification of available funding for contracts. The contracts section is in the process of revising the agency Contracts Manual and completion is expected by December 2010.

Prior to this audit, an internal review of the funding and change order process on the Cama Beach project was conducted and corrective action was taken. The review results and concerns were provided to the state auditors at the audit entrance conference and subsequently became part of the audit finding.

State Parks has taken additional steps to improve the process of monitoring change orders as detailed below.

- A second organizational change to move regional parks development staff under supervision of the region directors was effective July 1, 2010. This will improve and provide additional accountability for review and monitoring of contracts.
- In addition to required Office of Financial Management contract training, State Parks initiated an ongoing series of mandatory in-house training for region directors, headquarters, and supervisory staff involved in the public works contracts process. This will ensure that all staff is aware of policies and procedures in contract issuance, budgeting, and monitoring.
- Initial training sessions were conducted on contract issuance and contract budgeting. The contract monitoring and management training will be offered in January 2011. Additional training sessions on these topics will be offered as needed.

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## Status of Resolution of Audit Findings

December 2010

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**State Parks and Recreation Commission (PARKS)**

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**Agency: 465**

**Audit Report:** 1003078

**Finding Number:** 002

**Finding:** The Washington State Parks and Recreation Commission is not adequately monitoring concessionaire revenue to ensure all money due to it is collected.

**Resolution:** Staff drafted proposed revisions to the concession policy for presentation to the Commission in May 2010. The proposed revisions include:

- Incorporation and integration of land leases and concession leases into a unified process, including a tracking system, central invoicing, standardized agreements and fees.
- An update of Commission policies, as needed, to combine land and concession lease policies into a single policy.
- As existing leases expire, transition to an appraised fair market value fee structure rather than the current percentage of gross profits fee.

In June 2010, the Commission adopted the new policy for managing concessions including the new rental fee schedules based on appraised fair market rent. The Commission also contracted with a third-party appraiser to evaluate all major concession agreements and establish market rents.

Existing leases are being transitioned to the new fee structure at renewal.

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