
State Parks and Recreation Commission (PARKS)

Agency: 465

Audit Report: 1006746

Finding Number: 001

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

Resolution: The following actions have been taken to address the issues and recommendations identified by the audit:

1. On June 24, 2010, the Commission adopted new policies for managing concessions including new rental fee schedules to be based on appraised, fair market rent.
2. In October 2010, the Commission contracted with a third party appraiser to assess all major concession agreements and establish market rents. Twelve third-party appraisals have been completed as of November 2012. Due to cost constraints, third-party appraisals are only used for concession leases with an estimated annual rental value over \$5,000.
3. In March 2011, the boilerplate concession agreement was revised and approved by the Commission's Assistant Attorney General to include an annual periodic adjustment of rent.
4. In June 2011, all concession agreement financial requirements (invoices, billings, late notices, and collections) were transferred from the Lands Program to Financial Services. This included an upgrade of the Lands System to include financial data and automated billings and notices to vendors.
5. The Commission awarded one new concession agreement since June 2011. The total is now 53. Status of conversion of concession agreements to a flat rate rental structure as of November 2012 is shown below:
 - Forty-four agreements have been converted to a flat rate.
 - Six agreements are currently in negotiation.
 - Three concessionaires elected to enforce the legal requirements of the agreement until the term expires and fees remain as a percentage of gross revenue.
6. The Commission's plan to monitor the three concessions not agreeing to a contract amendment until current term expires is as follows:
 - Two concessionaires submit copies of their State Combined Excise Tax Return with the concession payment. Financial Services verifies that the gross revenue on the tax return matches the gross revenues on the concession payment document. Discrepancies are referred to the Concessions Program Manager. One of these agreements expires in 2039; the other expires in 2043.
 - The final concessionaire submits an income statement prepared by the company. The Commission is working with the concessionaire to develop a satisfactory method to independently verify gross revenues and expects to reach a resolution by June 2013. This agreement expires in 2027.

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