

Oregon Parks and Recreation Commission

September 17, 2014

Agenda Item: 13

Information

Topic: Reports

Agenda Item: 13a

Topic: Annual Audit Committee Report

Attachment: none

Prepared by: Bevin Clapper

Summary of Reviews, Audits and Statewide Reports (full reports available upon request)

- 2014 SPOTS Review
 - Approved by the Audit Committee: June 17th, 2014
 - Summary: Generally, this review of OPRD's administration and use of the Small Purchase Order Transaction System (SPOTS) found that transactions continue to be appropriate, properly authorized, supported through sufficient documentation, and reviewed in a timely manner. This was also true for the SPOTS 2013 and 2012 Program Reviews. Prior to 2011, reviews showed weaknesses in transaction documentation and the timeliness of reviews.

The SPOTS team tested the supporting documentation and the completeness of the logs for the sample of 100 transactions. The goal of this part of the audit was to identify any potential fraudulent activity as well as to provide a general understanding of OPRD's SPOTS card usage. Of the 100 transactions reviewed, there were two missing receipts from original documentation. There was one instance where the supporting documentation did not match what was recorded on the log. One log lacked a cardholder signature, one log lacked a manager signature, and one missing receipt form lacked a manager signature. Three receipts did not provide itemized detail. Additionally, three management units have been using incorrect transactions logs, and there was one instance of three months of transactions captured on a single log. Though the number of errors was small compared to the total number of transactions, managers should have caught all of these errors during their normal review and approval process. It is worth noting that almost all errors consisted of either missing signatures or incorrect receipt or receipt retention. There were no unresolved instances of unauthorized or inappropriate purchases.

- Land and Water Conservation Fund Grant Program Audit Report
 - Approved by the Audit Committee: June 17th, 2014
 - Summary: Generally, Oregon Parks and Recreation Department (OPRD) is administering the Land and Water Conservation Fund grant cycle in compliance with federal requirements. A review of randomly selected project files found that appropriate documentation was available including project descriptions, site maps, grant agreements, requests for reimbursement, and inspections. Through the development of process maps, the audit team found that all steps of the grant cycle are currently being completed from allocation through project close-out.

However, OPRD is significantly behind in work to maintain the in perpetuity obligations incurred through the granting process. This is an area of high risk as the National Park Service (NPS) will continue to tie compliance requirements to the payment of grants awarded to OPRD (most recently Bates State Park). OPRD needs better management information on in perpetuity

obligations in order to strategically manage the backlog of inspections and stewardship needs to eventually come into compliance with federal requirements. Significant resources could be needed to bring OPRD into compliance.

OPRD can recover some of its administrative expenses through the application of the indirect cost rate to grant reimbursements. The indirect cost rate is based upon the amount of grant monies reimbursed for LWCF projects as well as direct and indirect program expenditures. OPRD should understand the effect cost allocations have on the indirect cost rate and strategically determine best practices to maximize revenues in order to better cover program costs.

Furthermore, OPRD could improve program administration by developing policies and procedures to increase program coordination and define roles and responsibilities. Policies and procedures are especially needed when OPRD awards grants to itself and therefore OPRD must act as grantor and grantee. Currently, OPRD does not require the same project tracking and reporting for self-administered grants as it does for external grantees.

Recommendations:

- Management should determine the investment needed to come into compliance with all NPS requirements and use this information when making strategic decisions regarding OPRD's administration of the LWCF program with the goal of 100% compliance.
 - Management should consider whether changing apportionment practices to reduce the creation of new in perpetuity obligations could be implemented while still meeting program goals. For instance, OPRD could make a grant requirement that only properties with 6(f) (3) boundaries (i.e. properties that already have federal inspection requirement) can apply. Also, OPRD could change the threshold for projects that can apply to the grant. For instance, OPRD could only approve projects over \$200,000 instead of the current threshold of \$25,000. These are examples of how OPRD could strategically align the program with the goal of creating the lowest amount of going forward obligations.
 - Management should increase their understanding of the indirect cost rate calculation and adjust direct and indirect cost allocations where allowed to ensure that OPRD is maximizing program revenues.
 - When adjusting direct and indirect cost allocations, management should ensure tracking requirements are met including timesheets for employees working on multiple projects.
 - Develop procedures and communication tools to facilitate coordination and the exchange of project information across program areas (grant coordinator, project managers, and accounting).
 - Develop policies and procedures to define roles and responsibilities when self-granting.
 - OPRD should create policies and procedures to determine when higher-risk business practices including advance payments are appropriate.
 - Grant Division Management should ensure that agreements adequately match negotiated business deals before signing agreements. This includes ensuring that the agreement also matches the grant application and the agreement between OPRD and the federal government.
- Enterprise Risk Assessment 2014
 - Approved by the Audit Committee: July 30th, 2014

- Summary: The Oregon Parks and Recreation Department (OPRD) has experienced significant organizational change in FY 2014. In February, a new Director was appointed and since then several changes have occurred within the Executive Team. With new senior leadership, there is inherent risk to OPRD as organizational changes and transitions occur. In addition, several external factors affected OPRD's 15-17 budget and it should be expected that budgeting, including ensuring revenues and expenditures, are inline will continue to be a high risk to OPRD. Another continued area of risk is the Oregon State Fair and Exposition transition. The transition is a very complicated endeavor and best practices are difficult to establish. As OPRD supports the State Fair Council in becoming autonomous, OPRD remains at significant risk.

Other areas of high risk are human resources, payroll and managerial review; litigation and recreational immunity; inconsistency in business practices in the parks; payments in parks; the management of concessions, special use permits, contracts and procurement at the park level; ADA compliance; employee housing; and agricultural leases.

- Secretary of State FY13 Statewide Audit
 - Presented to the Audit Committee: April 7th, 2014
 - This annual audit conducted by the Secretary of State Audits Division concluded in February of 2014. The audit found no material weaknesses in internal controls over financial reporting for the accounts selected for review. An "Other Issue" was identified.

From the report

The state's accounting policy requires that each department have adequate internal controls to provide reasonable assurance that transactions are accurate and recorded properly in the state's accounting system. The policy also directs management to document periodic reviews, tests, and analysis of internal controls to assure proper operation.

The department uses the Outdoor Recreation Management Suite (ORMS) system to facilitate the reservation of its camping sites at numerous parks throughout the state. ORMS allows reservations to be made up to nine months in advance; full payment being required at the time the reservation is made. The department appropriately defers this revenue until the period in which the camping stay occurs.

A portion of deferred revenue is recognized each month using a customized report generated automatically by ORMS. At the time the report was developed, tests were completed to verify the reliability and integrity of the data. However, over time, system changes (i.e. additional parks) have been made and subsequent testing has not been performed. A number of other controls, cited by management, provide limited assurance that ORMS data is correct. Those controls include daily inventory of occupied campsites, management understanding of ORMS reports, and the knowledge, skills, and ability of the department IT staff in relation to ORMS. These controls are not documented in a way that facilitates subsequent review, testing, or analysis for effectiveness; thus, raising the risk that ORMS data, which is relied on for financial reporting, could be inaccurate or unreliable.

We recommend management ensure adequate documentation is retained to enable subsequent review and testing of control effectiveness. For example, the daily inventory of occupied campsites could be retained and used to verify that ORMS accurately reflects the number of nights campsites are occupied and the amount the revenue to recognize.

OPRD management has been working to address these concerns.

Audit Plan for Fiscal Year 2015 (July 2014 to June 2015)

An audit plan was approved by the Audit Committee on July 30th, 2014. The audit plan includes an audit of OPRD's Concession program, a payroll and invoicing audit requested by the Director, continued work on management unit risk assessments, the require annual review of the SPOTS program, and the annual enterprise risk assessment. In addition, time has been allocated for a required Quality Assurance Review.

Agenda Item: 13b

Topic: Regional Recreation Coalition Update

Attachment: none

Prepared by: Eric Timmons and MG Devereux

In June of 2014, the Oregon Parks and Recreation Commission received an update on the development of Regional Recreation Coalitions. These Coalitions arose from work done between the Association of Oregon Counties, Oregon Parks Association, and Oregon Parks and Recreation Department to improve recreational services across the state. The first meetings were held in the following locations:

July 29 th	Central Point
Aug 5 th	Baker City
Aug 26 th	Albany
Sept 11 th	Tillamook
Sept 29 th	Bend
Oct. 2 nd	The Dalles

Attendance at these meetings has been good, with a wide variety of participants. The three main goals of the coalitions:

- Filling gaps in services between OPRD, county parks, and other jurisdictions.
- Efficiently delivering park and recreation services.
- Market and expand recreational opportunities to the public.

Discussions have been very robust, with focus on current practices and needs across each region. Many are interested in future discussions related to how to leverage contracts, purchasing power, and marketing resources for mutual benefit. Many partners from local and county providers are interested in having additional discussions.

Agenda Item: 13c

Topic: Tsunami Debris Task Force Update

Attachment: Oregon Tsunami Debris Task Force membership list

Prepared by: Chris Havel

The Great Eastern Japan Earthquake of March 2011 killed an estimated 18,000 people, left hundreds of thousands homeless, and sent more than a million tons of debris floating into the Pacific.

Debris began arriving in 2012, slightly before models predicted it would. Standard beach debris protocols were put to the test in June 2012 when a 200 ton concrete-and-foam fishing dock washed ashore on Agate Beach north of Newport. Smaller pieces of debris—blown by wind rather than carried by slower ocean currents—littered Oregon beaches with plastic bottles and rigid foam blocks mainly in the north.

The Governor convened a task force to coordinate agencies. The group included the Office of Emergency Management and a long list of players, including Oregon Departments of Fish and Wildlife, Parks and Recreation, Environmental Quality, and the Marine Board (see attached).

Within the Oregon Parks and Recreation Department, volunteer-supported beach cleanups accelerated and new services were put in place:

- A single phone number and email address for reporting debris, navigation hazards, hazardous materials, and potentially invasive species.
- Public debris collections stations at 17 waste facilities and 15 state parks.
- Signs and dispensers with information and bags to turn each visitor into a cleanup crew.
- Beach rangers assigned to collect sand and water samples for the Oregon Health Authority who tested for radiation (and found no unusual readings).

Debris still washes ashore—including objects like construction lumber and small, capsized fiberglass boats—that sit lower in the water and have their speed dictated more by currents than wind. Models produced by the federal National Oceanic and Atmospheric Administration suggest we can expect higher-than-normal levels of debris for years.

The cost to report, collect and dispose of debris has been partially absorbed by the department budget, and in the 2011-13 and 2013-15 biennia, partially funded by grants from the federal government. A \$50,000 grant from NOAA helped offset the \$82,000 cost to dispose of the Agate Beach dock, and a \$250,000 gift from Japan is currently being spent to defray costs for waste containers, debris bags, and landfill expenses.

The task force will likely be disbanded this autumn, as will some of the services started to deal with the brunt of the debris. A few programs will need to go on as we continue to handle waste from this event and other sources of marine debris. A complete report on the next stage of the marine debris response program will be presented at the November 2014 commission meeting.

Oregon Tsunami Debris Task Force

Chair:

Director of Office of Emergency Management

Leadership team:

- Oregon Parks and Recreation Department Director
- Department of Environmental Quality Director
- Public Health Director
- Oregon State Marine Board Director
- Oregon Department of Fish and Wildlife Director
- Oregon State Police
- Oregon Department of Transportation
- Director of Oregon Coastal Zone Management Association
- Confederated Tribes of the Siletz Indians
- Oregon Policy Coordinator, Surfrider Foundation
- NOAA, Japan Tsunami Marine Debris Coordinator
- Lincoln County Commissioner
- Senator Betsy Johnson, Senate (D – North Coast)
- Representative Wayne Krieger, House (R – South Coast)
- Arnie Roblan (D –Coos Bay District 9)
- Bruce Hanna (R – Roseburg District 7)
- Senate President Peter Courtney (D – Salem)
- Senator Jeff Kruse (R – Roseburg)
- Representative Debbie Boone (D – District 32)
- Representative from the Coast Guard

Agenda Item: 13d

Topic: Floras Lake Vandalism from 2011

Attachment: none

Prepared by: Chris Havel

In spring 2011, park staff opening up Floras Lake State Natural Area discovered a major act of vandalism. The park is in Curry County on the south coast, and is crossed by a few trails mainly used by locals to reach Blacklock Point, ocean views, and the intriguing dwarf forest and wetland habitats that make the park an important part of the state park system.

The damage consisted of 16 pits, each several feet wide, excavated in the fragile, shallow soil. The park is home to the federally-endangered bog lily, among other resources. Whoever dug the pits filled them back in using earth-moving equipment. The Oregon State Police began an investigation. At the time, the Curry County Commission was making overtures to the department, suggesting it wished to take over part or all of Floras Lake in exchange for county property in the same area, with the apparent intention of turning the state park land over to a development company for possible use as a golf course and resort. As the summer progressed, the state police investigation continued, and a Curry County Commissioner appeared before the Oregon State Parks and Recreation Commission in July 2011 to discuss the county concept for a land trade.

No formal proposal from Curry County was ever presented to Parks and Recreation Commission. Former Director Tim Wood sent a letter to the County Commission advising it Floras Lake was a vital natural area and an unlikely candidate for trade, and the county dropped the idea. Rumors swirled like a south coast fog that a county commissioner played some role in the earlier excavations, even if indirectly, and the Curry District Attorney's office asked the Oregon State Police to deliver the results of its investigation to the Oregon Department of Justice, instead of to county authorities. The Oregon State Police complied and sent their file to Justice.

A key subject in the case, a golf development consultant named Grant Hornbeak who lent his services to the county, left Oregon during the investigation and was no longer easily available for questioning. The evidence and Oregon statutes did not present Justice enough of an opportunity to pursue prosecution, so they closed the case in 2013.

Oregon Parks and Recreation Department staff recently received the case file and is reviewing it to determine whether it should take any further actions or precautions to prevent damage like this from occurring again. Staff have also received a public records request for the file, and a redacted version of the material will likely be published before the September commission meeting.