



Auditing for a Better Oregon

January 25, 2005

Tim Wood, Director
Oregon Parks and Recreation Department
725 Summer St. NE, Suite C
Salem, Oregon 97301-1271

Dear Mr. Wood:

The statewide single audit that included selected financial accounts at Oregon Parks and Recreation Department for the year ended June 30, 2004, has been completed.

This statewide single audit work is not a comprehensive audit of your agency. Instead, this audit permits us to give an opinion on the statewide financial statements contained in the State of Oregon's Comprehensive Annual Financial Report and to report on internal control and the state's compliance with laws and regulations. Regular audits of the department will continue on a periodic basis.

The following Oregon Parks and Recreation Department accounts and transactions were audited to determine their fair presentation in accordance with generally accepted accounting principles in relation to the statewide financial statements.

<u>SFMA Account</u>	<u>Description</u>	<u>Audit Amount</u>
GAAP Fund 1107		
0070	Cash on Deposit with Treasurer	\$28,844,723
0065	Unreconciled Deposit	\$2,259,351
0220	Park User Fees	\$16,367,679
1405	Transfers to Counties	\$3,259,720
3111	Regular Employees	\$16,678,015
3221	Social Security Taxes	\$1,373,671
3263	Medical, Dental, Life Insurance	\$2,625,035
4975	Agency Program-Related Services	\$826,516
6400	Distribution to Cities	\$2,736,061
1378	Transfer from Department of Transportation	\$18,303,482

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Based on our audit, we did not identify any reportable conditions related to the accounts audited.

However, we did identify other conditions, which are issues of lesser significance that we wanted to communicate to agency management. These conditions are presented in the enclosed Audit Findings and Recommendations Summary accompanying this letter. These conditions do not require a Corrective Action Plan. We will follow up on the department's progress in addressing these issues during the next fiscal year audit.

Should you have any questions, feel free to contact me at (503) 986-2354.

Sincerely,
OREGON AUDITS DIVISION

Nancy L. Young, CPA, CISA, CFE
Audit Manager

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cc: Jana Tindall, Assistant Director of Administration
Kyleen Stone, Financial Services Manager
Shirlene Gonzalez, Accounting Manager
Laurie Warner, Acting Director, Department of Administrative Services

**Audit Findings and Recommendations Summary
Oregon Parks and Recreation Department
State Fiscal Year 2004**

OTHER CONDITIONS

Payroll Reconciliations: The Oregon Accounting Manual (OAM) states that agencies must reconcile their OSPA reports to SFMA and to agency specific accounting systems. During testing, we found that the department had not prepared the required reconciliations. Such activities help to ensure errors are detected and corrected timely.

Land Acquisitions: During the year, the department made land acquisitions of about \$1.8 million. The transactions were incorrectly recorded as expenditures in a service account and were not recorded in the appropriate asset account. While the Department's budget was passed with assets, such as land, embedded in service type accounts, for financial reporting purposes such practice does not follow the requirements of GASB 34 and does not accurately reflect the assets owned by the state.

Accruals: While immaterial, the department did not make an accrual for Transfers to Counties at June 30, 2004. Furthermore, the 2003 accrual for Distributions to Cities was not made and the accrual at June 30, 2004 was made for the wrong amount.

We recommend that department management develop, document, and implement procedures to ensure:

- Reconciliations of OSPA to SFMA and any agency specific accounting systems are prepared.
- Land purchases are recorded in the appropriate capital asset account at year-end.
- All year-end accruals are accurately recorded to ensure fair presentation of amounts in the accounting records.