



Auditing for a Better Oregon

January 16, 2007

Tim Wood, Director
Oregon Parks and Recreation Department
725 Summer Street NE, Suite C
Salem, OR 97301

Dear Mr. Wood:

The statewide single audit that included selected financial accounts at Oregon Department of Parks and Recreation (department) for the year ended June 30, 2006, 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 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>
Special Revenue Fund – Environmental Management (GAAP Fund 1107):		
0065	Unreconciled Deposit	\$ 929,434
0070	Cash on Deposit with Treasurer	25,733,488
0586	Due From Other Agency	16,312,293
3111	Regular Employees	19,074,827
3221	Social Security Taxes	1,553,998
4xxx	Various Services and Supplies	18,420,519
1401	Transfer Out to Other Fund	3,404,292
1402	Transfer Out Lottery Proceeds	2,716,745

Based on our audit, we did not identify any reportable conditions related to the accounts audited. However, we did identify a condition of lesser significance that we wanted to communicate to

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agency management. This condition does not require a Corrective Action Plan. We will follow up on the department's progress in addressing this issue during the next fiscal year audit.

Services and Supplies Expenditure Accrual Process Incomplete

Generally accepted accounting principles require expenditures be recognized when goods or services are received. This requires the department to record an accounting entry at the end of the fiscal year to accrue expenditures incurred by the department but not yet paid. The department's current services and supplies expenditure accrual process, however, does not ensure complete reporting of all expenditures incurred during the current reporting period. Further, we noted a processing error occurred during the department's accrual procedures that caused additional transactions to not be appropriately recognized. Due to these conditions, we found services and supplies expenditures to be understated by approximately \$810,000.

We recommend the department evaluate its expenditure accrual process and develop a more effective methodology to ensure expenditures are accurately reported in the proper period.

Should you have any questions, please contact Diane Farris or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Mary E. Wenger, CPA
Deputy Director

MEW:brk

cc: Ken Goforth, Financial Services Manager
Shirlene Gonzalez, Accounting Manager
Polly Parker, Internal Auditor
Lindsay Ball, Director, Department of Administrative Services