

# Audit Highlights



## Division of State Parks

### State Department of Conservation and Natural Resources

Highlights of performance audit report on the Division of State Parks issued on October 29, 2018. Legislative Auditor report # LA18-22.

#### **Background**

The Division of State Parks (Division) was established in 1963, within the State Department of Conservation and Natural Resources. The Division's mission is to provide safe outdoor recreation opportunities for the use, enjoyment, and education of current and future generations, while providing economic benefit to the state and local communities. The Division also preserves and protects scenic, historic, and scientifically significant areas in Nevada.

Nevada state parks are divided into three regions: northern, eastern, and southern. The Division operates 28 state parks that serve over 3.5 million visitors each year.

The Division's main office is located in Carson City with regional offices in Fallon, Las Vegas, and Panaca. In fiscal year 2017 about 43% of the Division's 185 employees were seasonal. Of the 106 permanent positions, 31 were commissioned Nevada peace officers. The Division has seven budget accounts with total expenditures of \$14.9 million in fiscal year 2017.

#### **Purpose of Audit**

The purpose of this audit was to evaluate the Division's processes relating to the collection of park fees, and the administration of fuel cards and concessions contracts. Our audit focused primarily on the Division's fiscal year 2017 activities; although, we also reviewed fee collection processes in fiscal year 2018, and prior years' concession revenue relating to current concession contracts.

#### **Audit Recommendations**

This audit report contains seven recommendations to strengthen administrative processes over fee collections, fuel card oversight, and concessionaire payments.

The Division of State Parks accepted the seven recommendations.

#### **Recommendation Status**

The Division of State Parks' 60-day plan for corrective action is due on January 29, 2019. In addition, the six-month report on the status of audit recommendations is due on July 29, 2019.

#### **Summary**

The Division can strengthen certain administrative processes over collecting park fees, tracking fuel card use, and reviewing concessionaire payments. Division policies and procedures over the fee collection process are inadequate and leave the Division vulnerable to theft. Additionally, diversifying payment methods and enhancing compliance controls and enforcement could increase revenue to Nevada state parks. We estimate the Division did not collect over \$1.2 million in fiscal year 2017 due to visitor noncompliance with required fees. The Division also needs to improve its oversight of fuel card use. The lack of fuel card policies and procedures lead to important administrative controls not occurring, such as accurately tracking fuel card assignments, reconciling mileage with fuel consumption, and monitoring vehicle mileage. Furthermore, the Division can improve its review of concessionaire payments to ensure accuracy in accordance with contract terms.

#### **Key Findings**

The Division can improve upon its park fee collection efforts. In fiscal year 2017, the Division collected over \$4.3 million in park user fees. We determined the Division has an opportunity to generate additional revenues by strengthening its processes to improve visitor compliance with required fees. We analyzed park visitation and revenue data to estimate the impact of uncollected fees due to visitor noncompliance. We conservatively estimated 30% of park visitors did not pay the required day-use fees in fiscal year 2017, which amounted to over \$1.2 million in uncollected revenue. (page 6)

The Division's cash collection from self-pay stations leaves the Division vulnerable to theft from employees and volunteers. Management has identified several methods for detecting theft, but not necessarily preventing theft. Although these methods for theft detection are helpful, stronger controls are needed over the collection of park fees. Division policies and procedures lack specific guidance over park fees collected at the self-pay stations. The procedures require a separation of duties when staffing allows, but do not require two employees present when handling cash, nor do the procedures detail the fee collection process for self-pay stations. (page 9)

By offering visitors different methods for paying park fees, the Division could increase fee revenue. Currently, Nevada state parks collect fees using one or more of three payment methods: self-pay cash stations, staffed fee booths, and self-pay electronic fee stations. Installation of an electronic fee station at Sand Harbor State Park contributed to a 70% increase in entrance fee revenues between October 2017 (when station was installed) and February 2018, compared to fee revenues for corresponding months in the prior year. (page 10)

The Division can strengthen its fee enforcement processes to ensure visitors comply with required park fees. With about 30% of visitors not paying required day-use fees, the Division's enforcement efforts could improve when conveying to park visitors fee expectations and the consequences for not paying. (page 13)

Controls over the administration of fuel cards are weak. We determined the Division's administrative controls over fuel cards do not adequately safeguard against misuse. Fuel card documentation was either incomplete or did not exist. Due to the weaknesses noted in the control system and the lack of policies and procedures over fuel cards, the Division cannot accurately account for all fuel cards and has limited assurance that the cards are being appropriately used for park activities. (page 14)

The Division is unable to effectively monitor fuel card use. Reconciling vehicle mileage to fuel card invoices would help identify improper fuel card use. However, vehicle mileage logs are not consistently tracked throughout the state parks. Additionally, fuel cards are assigned to employees instead of vehicles, making an accurate comparison of vehicle mileage to fuel consumption a challenge. (page 16)

The Division can improve its review of concessionaire payments to ensure the accuracy of fees collected. One of the Division's four concessionaires overpaid the Division about \$21,900 between calendar years 2011 and 2017. Although staff indicated payments and supporting documentation are reviewed, no evidence existed documenting this review to identify fee inaccuracies. (page 17)