
**Thomas P. DiNapoli
COMPTROLLER**



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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

**OFFICE OF PARKS,
RECREATION AND
HISTORIC PRESERVATION**

**INTERNAL CONTROLS
OVER PARK USE PERMITS
AT THE LONG ISLAND
REGION**

Report 2007-S-80

AUDIT OBJECTIVE

Our objective was to determine whether fees for Park Use Permits were properly charged, collected, and deposited by the Long Island Regional Office of the Office of Parks, Recreation and Historic Preservation.

AUDIT RESULTS - SUMMARY

Park Use Permits are required for many of the recreational, promotional, and other types of activities commonly conducted at State parks. Each park region is responsible for developing a comprehensive fee schedule for these permits, and is expected to charge fees in accordance with the schedule. In 2007, the Long Island Region reportedly issued 915 Park Use Permits, 34 of which were subsequently voided or cancelled. The Region collected \$360,110 in fees on 314 permits. No fees were charged for 561 permits. Fees for the remaining six permits, which totaled \$5,000, were not collected as of June 26, 2008.

We identified significant weaknesses in the Region's controls over fee charges. In particular, the Region's fee schedule was not comprehensive, as no fee was specified for many of the activities needing permits. As a result, varying fees were charged for these activities. For example, fees of \$200, \$50, and \$0 were charged on three different permits for cross-country races in the same park. In addition, in many instances, no fee was charged for a permit, even though the activity covered by the permit did not meet the stated criteria for no-fee permits.

If standard permit fees are not established for common park activities, the fees for the activities are more likely to be inconsistent; and such inconsistencies could give the appearance of favoritism. Also, the State may lose potential permit revenue. We

recommend that a comprehensive fee schedule be established for the Long Island Region. Where there is a need to charge a different fee for the same activity, such variations should be incorporated in the published fee schedule. We further recommend that the Region's policy on no-fee permits be clarified, formalized, and applied uniformly throughout the Region.

We also identified certain weaknesses in the Region's controls over fee collections. For example, collection records were not always complete and accurate; permits were sometimes issued before the fees were paid; and fee collection and permit issuance activities were not closely monitored by Regional management.

Permit fee collections are supposed to be deposited into certain State accounts. However, we found much of the Region's fee revenue was being deposited inappropriately into the accounts of a public benefit corporation that was created to further public programs of parks, recreation, conservation, and historic preservation (Natural Heritage Trust). In 2007, such deposits totaled \$210,300. According to officials from the Office of Parks, Recreation and Historic Preservation (OPRHP), the funds deposited with Natural Heritage Trust are used for the same purposes as the funds deposited in State accounts. However, the practice circumvents the State's normal budgetary controls, because the funds are not appropriated, reported on, and accounted for like other State funds. We therefore recommend that all State revenue collected by the Region be deposited into authorized State accounts, as is required by law.

Our report contains a total of ten recommendations for strengthening the Region's controls over permit fee charges, collections, and deposits. OPRHP officials

generally agreed with our recommendations and indicated that they have already implemented many changes and improvements in procedures utilized to issue park use permits.

This report, dated November 7, 2008, is available on our website at: <http://www.osc.state.ny.us>.

Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

The Office of Parks, Recreation and Historic Preservation (OPRHP) operates and maintains a Statewide system of parks and historic sites. OPRHP also hosts a variety of cultural, recreational, and educational programs. OPRHP divides the State into 13 regions, each with its own regional office. The Long Island Region consists of Nassau and Suffolk counties.

Permits are required for many activities at State parks. For example, permits are required to use a park's pavilions and recreational facilities; to hold promotional, charitable, or other events; and to photograph park sites for commercial purposes. Fees may be charged for these permits in accordance with a schedule of fees that is to be updated annually. Each regional office is responsible for establishing its own fee schedule, and these schedules must be approved by OPRHP's Central Office.

In the Long Island Region, permits for park activities are issued by the Regional Permit Office (Permit Office), which is located in the Regional headquarters in Babylon. Three types of permits are issued by the Permit

Office: (1) Group Use Permits, which are primarily for the use of park pavilions; (2) Special Permits, which are pre-printed, pre-numbered dashboard permits for activities such as fishing, metal detecting, and stargazing; and (3) Park Use Permits, which cover most other activities.

Our audit focused on Park Use Permits. According to Regional Office records, a total of 915 Park Use Permits were issued in 2007 in the Long Island Region - 34 of which were subsequently voided or cancelled. The Region collected \$360,110 in fees on 314 permits. No fees were charged for 561 permits. Fees for the remaining six permits, which totaled \$5,000, were not collected as of June 26, 2008. The fees charged for individual permits ranged from as little as \$25 for permission to hold pony rides to as much as \$15,000 for permission to hold a volleyball tournament. According to Regional officials, no fees were charged for permits allowing religious and environmental events; and no fees were charged for permits allowing commercial vehicles access to certain State Parkways that are normally restricted to passenger vehicles.

AUDIT FINDINGS AND RECOMMENDATIONS

Fee Charges

We identified significant weaknesses in the Regional Office's controls over fee charges. In particular, standard fees were not established for many park activities and, in many instances, fees were not charged for permits that did not meet the stated criteria for no-fee permits.

Incomplete Fee Schedule

OPRHP is authorized by Section 13.15 of the Parks, Recreation and Historic Preservation

Law to establish fees or other charges for the use of “any park, parkway, recreational facility or historic site” or for the “furnishing of special services with respect thereto.” It has been OPRHP’s practice to establish these fees in a Master Fee Schedule for each region.

The Master Fee Schedule is supposed to be a comprehensive listing of all the permit fees that can be charged in a region. In a letter to Regional Directors approving their established fee schedules for 2007, OPRHP’s Central Office states that “the Master Fee Schedule . . . includes all fees in effect for this year and regions may not charge or change fees which are not included on the approved schedule.”

We reviewed the Long Island Regional Office’s Master Fee Schedule for 2007 to determine whether it was comprehensive. We also compared the fees on the schedule with the fees that were actually charged for activities to determine whether they matched. We made this comparison for 32 selected Park Use Permits for which a fee was charged.

We found that the fee schedule was not comprehensive. In particular, the schedule does not include fees for many common park activities, such as using playing fields and holding cross country races. Permits were issued, and fees were charged, for these activities; however, the activities were not listed on the fee schedule.

As a result of these gaps in the fee schedule, only one of the fees charged for the 32 selected Park Use Permits (a \$35 fee for bus parking at Bethpage) was even listed on the fee schedule (in this instance, the fee charged for the permit matched the fee on the schedule). For the other 31 permits, the activities covered had not been listed on the fee schedule. It thus appears that the fee

schedule is not being used to control many of the permit fees being charged in the Long Island Region.

In their response to our preliminary audit findings, OPRHP officials note that the Master Fee Schedule is not required by law. They also note that there is no statutory requirement for permit fees to be based on the Master Fee Schedule.

We do not dispute the non-statutory nature of the Master Fee Schedule and, indeed, never claimed that the fee schedule was required by law. However, it has been OPRHP’s practice to require its regions to establish a Master Fee Schedule; and such a schedule is a good internal control because it provides assurance that fees will be charged in a fair and uniform manner. In the absence of such a control, permit fees are more likely to be inconsistent (i.e., a different fee may be charged for the same activity at different times) and such inconsistencies could give the appearance of favoritism.

To determine whether permit fees were generally consistent (i.e., the same fee for the same activity at all times), we examined activities and fees for all 915 Park Use Permit records that were issued by the Region in 2007. We found that, in many instances, the fees were not consistent. In one type of inconsistency, varying fees were charged for the same activity in the same park. This occurred at 15 different parks. For example:

- At Belmont Lake, three permits were issued for cross-country races. For one permit, the fee was \$200; for another permit, the fee was \$50; for the other permit, no fee was charged.
- At Montauk, four permits were issued for commercial photography. The

four permits were charged fees of \$0, \$250, \$500, and \$10,000.

In several other instances, varying fees were charged for the same activity at different parks. This occurred 25 times (i.e., for 25 different activities) and involved 254 permits.

For example:

- One permit holder was charged \$500 for a 5-kilometer run at Jones Beach; another permit holder was charged \$100 for a 5-kilometer run at Bethpage; and a third permit holder was charged \$50 for a 5-kilometer run at Sunken Meadow.
- In numerous instances, varying fees were charged for weddings at different parks. For example, no fee was charged for 6 weddings at Jones Beach and 12 weddings at Robert Moses. However, a fee of \$125 was charged for a wedding at Caumset; a fee of \$75 was charged for a wedding at Robert Moses; a fee of \$50 was charged for a wedding at Robert Moses; and a fee of \$50 was charged for a wedding at Jones Beach.

Such inconsistencies are not necessarily inappropriate, because there could be valid reasons different fees are charged at different times or places. However, if the reasons for the differences are not apparent, there is no assurance the differences are, in fact, appropriate; and, in the absence of this assurance, favoritism could be suspected. This assurance would be provided if common fee variations were formally incorporated into the Master Fee Schedule, because it would be clear that a fee for a certain activity would typically cost more at one park than at another, or during certain peak months.

In their response to our preliminary audit findings, OPRHP officials stated that there are many reasons different fees would be charged for 5-kilometer runs at different parks. According to the officials, there are many factors to consider, including the park, the number of runners, the sophistication of the organizing group, the location of the park, parking availability, other events occurring at the same time, and the park's accessibility. These factors necessitate negotiating a specific fee. The officials cite similar factors for weddings.

We acknowledge that there may sometimes be a need to charge a different fee in different circumstances for the same activity. However, in most instances, these variations can be incorporated in the published fee schedule. For example, different fees can routinely be charged at different parks or at different times of the year or for groups above a certain number. In those instances where this is not feasible, the reason for charging a non-standard fee can be documented and authorized by designated park officials. Such documentation and authorization are currently lacking; as a result, there is no assurance non-standard fees are appropriate.

No Fees Charged

OPRHP is required by Title 9 of the New York Codes, Rules and Regulations, §372.7(1), to issue a permit for all picnics or outings in excess of 50 persons in the Long Island Region. The permit provides operational control over activities and may or may not contribute to revenue generation. A fee was not charged for 561 (61 percent) of the 915 Park Use Permits issued in 2007. According to Regional officials, no fees are charged for religious and environmental events; and no fees are charged when permits allowing commercial vehicles access to certain State Parkways are issued.

We asked for a copy of the Region's written policy on no-fee permits, but were not provided with any written policy. In the absence of a clear written policy, there is an increased risk no-fee permits could be granted inconsistently and inappropriately. In fact, when we reviewed the files for the 561 no-fee permits that were issued in 2007, we found that more than one-quarter of these permits had been issued for activities that did not meet the stated criteria for such permits:

- 276 of the no-fee permits (49 percent) were for Parkway access, and thus met the stated criteria for such permits;
- 131 of the no-fee permits (23 percent) were for events that could be classified as religious or environmental, and thus met the stated criteria for such permits; and
- 154 of the no-fee permits (28 percent) were for events or activities that did not appear to be religious or environmental, such as sporting events (softball, lacrosse, tennis), runs (marathons, cross-country, triathlon), walks, business promotions (broadcast, onsite promotions), photography (photo shoots), Geocache (a form of treasure hunt), and others. As a result, it was not clear why no fee had been charged for these permits.

In their response to our preliminary audit findings, OPRHP officials stated that, based on such factors as the time of year, the demands placed on park facilities by the activity, the nature of the activity, and its impact on park resources, it is up to the discretion of park management to determine if a permit fee is necessary for an activity. They also noted that 43 of the 154 permits cited were issued to public schools and/or universities; not-for-profit agencies; and local,

State, or federal government agencies. However, the officials did not indicate that such entities were exempt from permit fees. We acknowledge that it may sometimes be appropriate for park management to issue no-fee permits in circumstances not specified by policy. However, the reasons for such exceptions should be documented and the no-fee permits authorized by designated park officials. In the examples we cite, there was no such documentation and no evidence of such authorization. As a result, there is no assurance the lack of fees was appropriate.

We further note that an excessive number of no-fee permits may be contrary to the State's revenue needs. Regional officials have acknowledged these needs, as they began charging a \$50 fee for Parkway access beginning in April 2008.

To ensure fairness and uniformity, we recommend that the policy for no-fee permits be formalized, and the reasons such permits are issued be specified in the Region's records. We further recommend that special no-fee permits (i.e., those not covered by the policy) be authorized by designated officials.

Recommendations

1. Establish a more comprehensive Master Fee Schedule to account for all recurring park activities, events, and locations. Incorporate common fee variations into the published schedule (e.g., higher fees for groups above a certain number or for activities with unusual demands on park resources).
2. Develop a written policy on no-fee permits, specifying what kind of events or applicants are to be exempt from permit fees. When such permits are issued, specify in the Regional Office records why no fee was charged.

3. Document the reasons a non-standard fee is charged for a permit, or a no-fee permit is issued in circumstances not meeting the stated criteria for such permits. Require the transaction to be authorized by designated park officials.

Fee Collection

Permit fees are collected by the Regional Permit Office. The Permit Office also issues the permits, maintains records about the permits and fee payments, and deposits the fees in certain designated bank accounts. We examined the controls over the fee collection and permit-issuance processes, and identified the following weaknesses:

- All three employees in the Permit Office collect monies, issue permits, and record the information on the Park Use Permit database. These duties should be separated among different employees so that no single individual can control an entire transaction. In the absence of such separation, it is easier for funds to be misappropriated without detection. If it is not practical for these duties to be separated, compensating controls should be added, such as increased oversight by employees outside the Permit Office.
- To ensure that all fee revenue is properly accounted for, fee collections are reconciled daily to the permits that were issued that day (the fee charged for each permit is recorded on the Permit Office's copy of the permit). This reconciliation is performed by the Permit Manager (one of the three employees in the Permit Office). However, the reconciliation should be performed by an independent employee whose duties are not related to the permit-issuance or fee-collection processes.

- The permits are numbered sequentially to facilitate their accountability. However, the integrity of the numbering sequence is not ensured, because the permits are neither pre-printed nor pre-numbered. Rather, they are created on a template word processing document when they are needed. As a result, some permits could be numbered out of sequence and numbers could be skipped or repeated. If a permit were created automatically when it was entered on the Park Use Permit database, an auto-numbering software feature could be used to ensure the integrity of the numbering sequence.
- Permits should not be issued until the fee has been fully paid. Otherwise, it may be difficult to collect the unpaid amounts. However, we found permits are sometimes issued before the fee is paid. For example, \$11,700 in permit fees were owed as of February 5, 2008, on 15 permits that had been issued in 2007. Fourteen of the permits, totaling \$11,200, had been outstanding for more than 90 days. Subsequent to the completion of our audit field work, OPRHP officials reported that the fees for nine of the permits had been collected, reducing the outstanding balance to \$5,000.

We also determined that the information in the Park Use Permit database, which was created in 2007, was not complete, as the transaction date, form of payment received, and initials of the person making the entry were not recorded. In addition, the permits were not always numbered sequentially in the database (e.g., there were three duplicates and three unnumbered permits). We further

determined that fee amounts were not always entered correctly on the database, as 2 of the 55 entries we examined had the incorrect amount.

We also note that permit activities (the number of permits issued, fees collected, etc.) are not reported to Regional park management. In the absence of such reports, management is less able to monitor permit activities and ensure that the activities are performed in accordance with management expectations. We recommend such reports be provided to Regional Office management on a regular basis.

It should also be noted that written policies and procedures have not been developed for permit-issuance and fee-collection activities. Such policies and procedures are needed to help ensure that these activities are performed in accordance with management expectations.

Recommendations

4. Separate the permit issuance, fee collection, and related recordkeeping duties among different employees; or add compensating controls, such as increased oversight or an independent reconciliation of fees charged to fees collected.
5. Take action to ensure the integrity of the numbering sequence on issued permits.
6. Adopt a Regional policy that Park Use Permits will not be issued until the fees have been fully paid. Allow exceptions to the policy only when the reasons are documented and the exceptions have been approved by an authorized park official.
7. Improve the accuracy, completeness, and reliability of the Park Use Permit database.

8. Provide reports of permit activities (the number of permits issued, fees collected, etc.) to Regional park management on a regular basis.

9. Develop comprehensive policies and procedures governing Park Use Permit operations.

Deposit of Fee Revenue

We tested selected fee payments to determine whether all the fees charged had been collected and all the amounts collected had been deposited. We found that all the fees charged had been collected, and it appeared that all the collections had been deposited. However, we also found that much of the Region's fee revenue was being deposited inappropriately into the accounts of a public benefit corporation that is closely associated with OPRHP.

Verification of Deposits

We reviewed 34 selected permit fee payment transactions from 2007 and 2008 to determine whether the amounts collected matched the amounts charged and the amounts deposited. Our sample contained a total of \$208,219 in fee collections.

We traced the collections to the appropriate permits and the appropriate bank deposit slips and bank statements. We were able to verify 31 of the 34 payment transactions, totaling \$205,669. For the remaining three transactions, totaling \$2,550, we were able to trace the collections to the permits to verify that all the fees charged had been collected; and we were able to trace the collections to a deposit transaction. However, we were unable to verify that the funds deposited were the same funds that had been collected, because the Regional Office did not retain detailed deposit information at that time.

Deposits into Non-Agency Accounts

Natural Heritage Trust (NHT) is a public benefit corporation that was created to receive and administer gifts, grants, and contributions to further public programs of parks, recreation, conservation, and historic preservation. NHT receives funds from public and private donors, invests the funds, and disburses the funds at the direction of the donors.

We found that the Long Island Regional Office routinely deposits most of its Park Use Permit fees into accounts maintained by NHT. The remainder of the fees are deposited into accounts maintained by OPRHP. According to the Regional Office's records, \$298,325 of the total \$360,110 in Park Use Permit fees collected in 2007 (83 percent) was deposited into NHT accounts and \$61,785 (17 percent) was deposited into OPRHP accounts.

We asked OPRHP officials why some fee payments are deposited into OPRHP accounts and others are deposited into NHT accounts. They said that fee payments are deposited into OPRHP accounts when the fees are listed on the Region's Master Fee Schedule. Fees that are not listed on the fee schedule are generally deposited into NHT accounts. The officials stated that, in these cases, the patrons are instructed to make their checks payable to NHT.

However, OPRHP is required by State law to deposit all State revenues into authorized agency accounts. It does not matter whether a fee is listed in the Master Fee Schedule or not: OPRHP is required to deposit all State revenues into authorized OPRHP accounts. In addition, as was previously noted, the incompleteness of the Region's Master Fee Schedule is a matter that needs to be addressed. Standard fees can, and should, be established for all common park activities.

OPRHP officials explained that, by law, revenues deposited into OPRHP accounts are to be used for the maintenance and improvement of State parks and historic sites. The officials stated that the permit fees deposited into NHT accounts are used for the same purposes. Consequently, the officials considered the practical difference between depositing the funds into either OPRHP accounts or NHT accounts to be "difficult to determine."

While OPRHP officials state that the funds are used for the same or similar purposes, regardless of which accounts they are deposited into, funds deposited into NHT accounts are not subject to the State's normal budgetary controls. They are not appropriated, reported on, and accounted for like other State funds. In the absence of this accountability, there is less assurance the funds will be used for their intended purposes. Therefore, we recommend that all OPRHP permit revenue be deposited into authorized agency accounts, as is required by law.

OPRHP officials added that Park Use Permits are sometimes issued for events that are sponsored by NHT. The officials further noted that NHT is explicitly authorized by law to sponsor such events, and to enter into cooperative arrangements with State agencies such as OPRHP. The officials explained that the permit fees for these sponsored events (which they state were mis-characterized in their database as "park use") rightfully belong to NHT. In 2007, such fees accounted for \$88,025 of the \$298,325 that was deposited into NHT accounts. To ensure that fees are properly handled, permits for NHT-sponsored events should be distinguished from other Park Use Permits in the Regional Office's records. OPRHP officials agreed, indicating that they will establish a method for this.

Recommendation

10. Deposit all permit fee revenue into OPRHP accounts, unless the revenue has been collected on behalf of NHT for an NHT-sponsored event. Clearly identify the permits for such events in the Region's records.

AUDIT SCOPE AND METHODOLOGY

We conducted our performance audit in accordance with generally accepted government auditing standards. We audited selected internal controls over Park Use Permits at OPRHP's Long Island Regional Office for the period of January 1, 2007, through February 29, 2008. To accomplish our objective, we examined the Park Use Permit database, permits, deposit slips, and bank statements. In addition, we visited four State parks to review their Park Use Permit calendar and files. We also discussed relevant policies and procedures with OPRHP officials at the Central Office in Albany, the Long Island Regional Office, and the parks we visited.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational

independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

REPORTING REQUIREMENTS

A draft copy of this report was provided to OPRHP officials for their review and comment. Their comments were considered in preparing this report, and are included as Appendix A.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Parks, Recreation and Historic Preservation shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include Frank Houston, Cindi Frieder, Myron Goldmeer, David Louie, Diane Gustard, Mary McManus, Elizabeth Norniella, and Dana Newhouse.

APPENDIX A - AUDITEE RESPONSE



New York State Office of Parks, Recreation and Historic Preservation

The Governor Nelson A. Rockefeller Empire State Plaza • Agency Building 1, Albany, New York 12238
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David A. Paterson
Governor
Carol Ash
Commissioner

October 8, 2008

Ms. Cindi Frieder
Audit Manager
Office of the State Comptroller
Division of State Government Accountability
123 William Street – 21st Floor
New York, NY 10038

Dear Ms. Frieder:

The New York State Office of Parks, Recreation & Historic Preservation has reviewed the Office of the State Comptroller's audit report 2007-S-80 entitled "*Long Island Region – Internal Controls Over Park Use Permits*". Enclosed please find the Agency's response to the draft report.

The Long Island region of the Office of Parks, Recreation and Historic Preservation (OPRHP) is the agency's largest operational region with 30 state parks and historic sites. The region issues over 900 permits each year. Permits issued range from the use of picnic pavilions, ball fields, weddings, local school events and major co-sponsored events. Events may seem similar in nature but in reality they are all uniquely different. Each event can impact the park differently. The size, time of year, demands on staff as well as the specific park hosting the event all play a role in determining the event impact and consequently the cost of the permit. These factors all support the need for the region to be able to negotiate permit fees and maximize permit revenues.

As summarized by the attached, we generally concur with the recommendations made in the draft audit and have already implemented many changes and improvements in procedures utilized to issue park use permits. Specifically, we have acted to rescind a written policy issued by the prior Commissioner regarding the disposition of permit revenues, in keeping with the findings of this audit. The audit is generally a positive one and OPRHP understands there is always room for improvement. We thank the OSC team for their professionalism and their efforts on our behalf in conducting this review.

Thank you for the opportunity to respond to the report. If you have any questions regarding the Agency's response, please contact Brian D. Jackson of OPRHP's Office of Internal Audit at (518) 473-3390.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter C. Finn', with a long horizontal flourish extending to the right.

Peter C. Finn
Deputy Commissioner for
Finance and Administration

Enclosure

cc: Commissioner Ash
Andy Beers
Dan Kane
Tom Lukacs
Ron Foley
John Kowalchuk
George Gorman
Brian Jackson

**New York State Office of Parks, Recreation & Historic Preservation
Response to the Office of the State Comptroller's Audit Report
Long Island Region - Internal Controls Over Park Use Permits
2007-S-80**

The Office of Parks, Recreation & Historic Preservation's (OPRHP) response to the Office of the State Comptroller's (OSC) draft audit report number 2007-S-80, entitled "*Long Island Region – Internal Controls Over Park Use Permits*" is presented below. OPRHP has reviewed the findings and recommendations presented in the draft audit report. In the following sections, we have noted the portions of the report where we differ in opinion to or feel the need to clarify the described conditions, findings and recommendations.

Comments on Major Findings of the Audit

The following section presents specific comments regarding selected wording contained in the draft audit report.

1. Audit Results - Summary

The draft audit report suggests that all fees charged by OPRHP should be based on a pre-approved fee schedule. There is no such statutory requirement, in State Finance Law, Parks and Recreation Law, or the State Administrative Procedure Act for the publication of a master fee schedule nor is there any requirement for OPRHP to charge the identical permit fee at every park, establish identical park use permit fee schedules for each park, or that a fee be established or assessed for all types of permits issued. In addition, the negotiating of certain types of permit fees is clearly authorized by law and applicable rules and regulations governing the agency.

Every state park managed by OPRHP is unique and different permitted activities at different locations and at different times place different demands on park facilities and resources. The demand for certain permitted activities by the public varies widely as well. OPRHP does not consider the ability and right to charge different permit fees or negotiate permit fees as a significant weakness. The ability to assess a permit fee based upon demand, impact on park resources and market value is clearly the most efficient method available to administer the permit process as well as maximize permit revenues.

The draft report also suggests that OPRHP management is not sufficiently involved with the permit process. In the Long Island region, the Permit Office manager reports directly to the Director of Recreation Services who in turn reports to the Deputy Regional Director for Operations. In addition, every park use application is sent to the park manager for their review and input. Park managers work closely with the permit

supervisor to review each application in determining terms and conditions of the activity and what impact it will have on the park.

OPRHP has worked constantly to strengthen the controls over the issuance of permits and the collection fees. This is evidenced by the design and implementation of the Park Use permit database. The data base was introduced in 2007 (a year prior to the OSC audit) by the Permit Office manager as a new method to assist OPRHP staff with administering the permit process.

OSC has questioned the methodology used to identify revenue resulting from special events and activities sponsored by the Natural Heritage Trust (NHT). OPRHP management took immediate action and in August 2008 issued a new fiscal bulletin regarding the collection of permit revenues. The bulletin, number 423-BA-08, rescinded a directive to Regional Directors from former Commissioner Bernadette Castro. Bulletin 423-BA-08 outlines new procedures for the accurate collection and deposit of permit revenues and income received from donations, sponsorships, special events, and similar special activities sponsored (or co-sponsored) by the NHT.

2. Fee Charges

As noted above, every state park managed by OPRHP is unique. Different permitted activities at different locations and at different times and place different demands on park facilities and resources and the demand for certain permitted activities by the public varies widely as well. In addition, there is no requirement (by law or rule) for OPRHP to charge the identical permit fee at every park, establish identical park use permit fee schedules for each park, or that a fee be established for all permits issued.

In the same way, many events, although of a similar nature, can also be very different. A 5k run may have 50 runners or it may have 1,000. The demands on the same park may differ due the number of runners, the organizational capacity of the sponsoring group, or the location within the park that the event is conducted. Likewise, the differences between parks can affect how a similar event occurs in different parks: the landscape varies, parking availability varies, and other uses may or may not be occurring at the time of the event. These differences may necessitate negotiating a fee specific to the situation present when the permitted event is scheduled to take place.

Once again, the situations found in different parks dictated different treatment. For example, school district cross country running events were conducted at both Bethpage State Park (Nassau County) and at Sunken Meadow State Park (Suffolk County). At one park a vehicle use fee (VUF) fee was being charged for entry into the park at the time of the event while it wasn't in place at the other park. The collected VUF fee was considered in setting the permit fee but does not appear in the audit results because it was not a focus of the audit. At the other location, where no VUF was in place and very few spectators attended the events, bus fees were charged so that the state received fair revenue for the use of the park.

The impact of a permitted activity on the park's resources and other patrons is also considered when permit fees are established. For example, a six person wedding party at Jones Beach has little or no impact on the operation or on other park users. Such events can occur without a permit. In other parks, such as park preserves and arboretums, the same wedding may require special parking accommodations, monitoring of environmental impacts, and attention to impact on other park uses. Therefore, there may be weddings where a fee is not appropriate, while others rightfully should pay a fee.

The draft audit report questioned the use of no-fee permits. It should be noted that OPRHP regulations specify when permits are required but do not specify that fees are to be assessed for all permitted activities. There are categories of park activities that require a permit (such as a school class field to collect insects) where charging a permit fee would be inappropriate. However, OPRHP does agree the documentation supporting the reasoning for not charging a permit fee needs to be improved

Regardless of the event name or type, the impact of special events will continue to vary from park to park. Therefore, OPRHP Park management will always be tasked with the responsibility of determining if a permit fee is required and if so; maximizing revenues by negotiating the highest possible permit fee based upon demand, impact and market value.

3. Fee Collection

OPRHP has worked constantly to strengthen the controls over the issuance of permits and the collection fees. Unfortunately, some controls such a separation of duties can not always be fully implemented. The Long Island permit office only includes three members and while we agree there are benefits, separation of duties is not always practical. OPRHP believes that customer service may suffer if we did not allow all three members to perform all permitting tasks.

In 2007 the Permits Office manager designed and implemented the Park Use permit database. The data base introduced a new method to assist OPRHP staff with administering the permit process. OSC stated that some of the information in the data base was not complete. The database is new and improvements are on-going.

OSC determined there were 15 outstanding permit fees, representing a total of 1.6% of the total permits issued during 2007; over 98% of permits were collected on a timely basis. Moreover, OSC utilized the permit data base during their review. The data base clearly shows permits for which fees are due (or overdue) and overdue permit balances are pursued until collection. The fact the auditors could identify that \$11,200 in permit fees were "outstanding beyond 90 days" is based on the monitoring system.

OPRHP is also currently exploring the development and implementation of a comprehensive point-of-sale system, to be integrated with the agency's revenue management and reporting system (and, eventually, the state's new Financial

Management System). When fully implemented, this will encompass permit office activities as well as park-generated payments.

4. Deposit of Fee Revenue

OSC questioned revenues that were deposited in account of the Natural Heritage Trust. Deposit of certain types of permit fees into NHT accounts was based on a written directive from the prior commissioner. In August 2008, OPRHP management immediately looked to clarify questions regarding this process and issued a Finance Bulletin which rescinded this previous directive. Bulletin 423-BA-08 outlines new procedures for the accurate collection and deposit of permit revenues. Specifically, the Bulletin 423-BA-08 states, "all special permit fees paid to the agency (OPRHP) for public facility use, including filming, photography, and permitted use of areas and facilities (e.g., use of shelters, ball fields, and so on), shall be deposited into regular agency revenue accounts (Patron Services) and shall not be deposited into accounts of the Natural Heritage Trust (NHT). NHT accounts should continue to be used for income received from donations, sponsorships, special events, and similar special activities sponsored (or co-sponsored) by the NHT."

Response to Recommendations 1-8 (Pages 6 - 10)

The following section presents OPRHP's response to each recommendation contained in the draft audit report.

- o **Recommendation 1:** Establish a more comprehensive Master Fee Schedule to account for all recurring park activities, events, and locations. Incorporate common fee variations into a public schedule (e.g., higher fees for groups above a certain number or for activities with unusual demands on park resources).

Agency Response: Agree. A comprehensive agency fee schedule is prepared and distributed to state park facilities on an annual basis. Considerable time and effort is taken to include all potential park activities as well as to estimate each permitted activity's impact upon the park as well as public demand in determining the permit fee. OPRHP will continue to standardize permit fees for recurring events on its annual fee schedule. In addition, greater effort will be used in documenting the rationale utilized when developing permit fees for non-standard events and activities.

- o **Recommendation 2:** Develop a written policy on no-fee permits, specifying what kind of events or applicants are to be exempt from permit fees. When such permits are issued, specify in the Regional Office records why no fee was charge.

Agency Response: Agree. We will increase our efforts to document in writing the rationale used in assessing permit fees.

- **Recommendation 3:** Document the reason a non-standard fee is charged for a permit, or a no-fee permit is issued in circumstances not meeting the stated criteria for such permits. Require the transaction to be authorized by designated park officials.

Agency Response: Agree. We have begun to document the rationale used in assessing permit fees and are developing procedures regarding the approval of non-fee permits.

- **Recommendation 4:** Separate the permit issuance, fee collection, and related record keeping duties among different employees; or add compensating controls, such as increased oversight or an independent reconciliation of fees charged to fees collected.

Agency Response: We will consider new procedures and processes that will provide increased controls over the issuance of park use permits. However, the permit office only includes three members and while we agree there are benefits, separation of duties is not always practical. We feel that customer service may suffer if we did not allow all three members to perform all tasks.

- **Recommendation 5:** Take action to ensure the integrity of the numbering sequence on issued permits.

Agency Response: Agree. We will consider new procedures and processes that will provide increased controls over the issuance of park use permits. The agency is currently exploring the development and implementation of a comprehensive point-of-sale system, to be integrated with the agency's revenue management and reporting system (and, eventually, the state's new Financial Management System). When fully implemented, this will encompass permit office activities as well as park-generated payments.

- **Recommendation 6:** Adopt a regional policy that Park Use Permits will not be issued until the fees have been fully paid. Allow exceptions to the policy only when the reasons are documented and the exceptions have been approved by an authorized park officials.

Agency Response: Agency staff makes every effort to collect all permit fees prior to the issuance of the permit. OPRHP regulations do not require that fees be paid in advance. Where a valid permit is issued, it is an acceptable management practice to allow an activity to take place and then develop an accounts receivable process.

- **Recommendation 7:** Improve the accuracy, completeness, and reliability of the Park Use Permit database.

Agency Response: Agree. The Park Use Permit database has only recently been developed and put into use. We concur with the recommendation, and improvements and modifications to the database will continue to be made on an on-going basis.

- o **Recommendation 8:** Provide reports of permit activities (the number of permits issued, fees collected, etc.) to Regional park management on a regular basis.

Agency Response: Agree. Every park use application is sent to the park manager for their review and input. The park manager works closely with the permit office manager to review each application in determining terms and conditions of the activity and what impact it will have on the park. While there may have not been a published meeting schedule, Park management do meet on a need basis to discuss the permitting process as well as significant happenings at the park.

- o **Recommendation 9:** Develop comprehensive policies and procedures governing Park Use Permit operations.

Agency Response: We recognize the benefits of increasing the amount of standardization for recurring activities and the development of additional guidance for staff to follow when issuing park use permits. However, every state park managed by OPRHP is uniquely different. Based upon the geographic area, facilities provided, staffing available, competition pricing, and public demand, each park offers visitors a wide range of activities. It is important to allow park management to use their knowledge and experience in administering the park use permit process in order to best meet the needs of the public and to maximize revenues. However, OPRHP will continue to improve the system by developing standardized policies and procedures governing Park Use Permit operations.

- o **Recommendation 10:** Deposit all permit fee revenue into OPRHP accounts, unless the revenue has been collected on behalf of NHT for an NHT-sponsored event. Clearly identify the permits for such events in the region's records.

Agency Response: Agree. We concur with this recommendation and already have implemented new policies and procedures to ensure NHT sponsored events are clearly identified and that both agency permit and NHT revenues are properly deposited into the appropriate accounts.