



United States Department of the Interior


Office of Inspector General Western Region

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Report No. P-VS-NPS-0002-2006
December 1, 2006

Memorandum

To: Assistant Secretary for Policy, Management and Budget
(Attention: Associate Director for Finance, Policy and Operations)
Director, National Park Service

From: Michael P. Colombo 
Regional Audit Manager

Subject: Verification Review of Four Recommendations from our December 2003 Audit Report *Concession Management and Fee Collection Operations, St. Croix National Park, National Park Service* (No. V-IN-NPS-0004-2003-A)

The Office of Inspector General (OIG) has completed a verification review of the four recommendations presented in the subject report. The objective of the review was to determine whether the recommendations were implemented, as reported to the OIG by the National Park Service (NPS) in its November 14, 2003 response to the draft of the subject report.

Background

Our December 2003 audit report *Concession Management and Fee Collection Operations, St. Croix National Park, National Park Service* (No. V-IN-NPS-0004-2003-A) made four recommendations to the Superintendent of St. Croix National Park (Park) relating to concession management and fee collections. In its November 14, 2003 response, NPS concurred with all four recommendations. Based on this response, we considered all recommendations to be resolved and implemented.

Scope and Methodology

The scope of this review was limited to determining whether NPS took adequate action to implement the recommendations. To accomplish our objective, we interviewed Park personnel and gathered supporting documentation for the actions taken to implement the recommendations.

We did not perform any site visits or conduct any detailed audit fieldwork to determine whether the underlying deficiencies that were initially identified have been corrected. As a

result, this review was not conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States.

Results of Review

We found that NPS implemented Recommendations 2, 3, and 4 but did not take sufficient action to fully implement Recommendation 1. The status of the recommendations is summarized in the Appendix.

Recommendation 1: “Appoint an employee of the St. Croix National Park to be responsible for oversight of the concession management operations. This individual should ensure that concessionaire files contain all required documentation, the amount of franchise fee payments received from concessionaires is fully supported and accurately represents 2 percent of concessionaires’ gross receipts, and deposits of franchise fee collections are made to the Federal Reserve Bank in a timely manner.”

In its November 14, 2003 response, NPS stated that the Park Superintendent had taken over responsibility of oversight of the concession management operation and that the Park intended to hire a concession management specialist to eventually assume this responsibility. We found that the Superintendent had assumed responsibility for oversight of the concession operations on an interim basis and that the Park was in the process of hiring a concession management specialist. We also found, however, that Park oversight of concession operations continued to be inadequate.

Our December 2003 report stated that the Park did not ensure that concessionaire files were complete or that franchise fee collections were deposited timely. We found that the Park deposited fees timely, but did not ensure that concessionaire files contained all essential documents. Specifically, five of the six concessionaire files lacked at least one of the following essential documents: (1) support for franchise fee payments, (2) annual financial reports, (3) vessel certificate of inspection, (4) marine certification of liability insurance, and (5) crew-member certification.

Our review of franchise fees paid for April 2006 to May 2006 also revealed that the Park did not assess late fees on a concessionaire, Llewellyn’s Charters, who failed to submit franchise fee payments on time. In addition, the same concessionaire did not submit gross receipts information to enable the Park to verify whether franchise fees were accurately computed. As a result, we concluded that NPS had not taken sufficient action to implement this recommendation and that it should be classified as not implemented.

Recommendation 2: “Develop and implement formal policies and procedures to ensure that adequate internal controls exist over the collection and deposit of parking fees. These controls should include procedures to limit the authority to issue “non-paying” tickets to specifically designated officials, require daily reconciliations of cash collections to the cash register reports and the used parking tickets, and require the retention of used parking tickets until any reconciliation discrepancies have been reviewed and satisfactorily explained.”

In its November 14, 2003 response, NPS stated that it was developing formal written policies and procedures to ensure adequate internal controls over the collection and deposit of parking fees.

We obtained a copy of the Park's Fee Collection Standard Operating Procedures and found that the procedures were consistent with the corrective actions outlined in NPS's November 14, 2003 response. The procedures limited the authority to issue non-paying tickets to specifically designated officials. They also required reconciling cash collections to cash register reports and used parking tickets and retaining used parking tickets. Based on the actions taken by NPS, we concluded that Recommendation 2 has been resolved and implemented.

Recommendation 3: "Direct the Fee Collection Supervisor and other collection personnel to comply with the collection and deposit requirements contained in the Fee Collection Guidelines for entrance fees."

In its November 14, 2003 response, NPS stated that fee collectors were advised of the collection and deposit requirements at weekly meetings.

NPS could not provide us with documents to support its statement that it advised fee collection staff to comply with collection and deposit requirements. However, our review of deposits for the 12-month period, July 2005 to June 2006, showed that fee collection staff were following guidelines and making deposits in a timely manner. Accordingly, we concluded Recommendation 3 has been resolved and implemented.

Recommendation 4: "Address the problems related to the accuracy of the internal reports generated by the cash registers used for parking lot and entrance fees, either by having the cash registers reprogrammed to correct the problems or by acquiring new cash registers."

In its November 14, 2003 response, NPS stated that the Park purchased a new cash register and that the manufacturer's representative provided training to fee collection staff.

We confirmed that the Park addressed the problems related to the accuracy of the internal reports generated by the cash register. The Park purchased a new cash register for the entrance station, and our comparison of cashier-transaction reports and cash register-generated reports from June 13, 2006, to June 28, 2006, revealed no discrepancies.

The Park did not purchase a new cash register for the parking lot. However, the Park took the necessary steps to ensure the accuracy of parking collections by comparing journal tapes, daily cash register reports, and cashier-transaction reports prior to making a deposit. Our comparison of these reports from July 16, 2005, to July 21, 2005, revealed no discrepancies. Accordingly, we concluded Recommendation 4 has been resolved and implemented.

Conclusion

We informed NPS officials of the results of this review at an exit conference on September 8, 2006. The officials concurred with all of our findings. NPS should provide the

Office of Financial Management with information on the actions it will perform to implement Recommendation 1 by January 5, 2007.

Responding to the Report

We are referring Recommendation 1 to the Office of Financial Management for tracking of implementation and request that we be kept informed of the actions to be taken for this recommendation.

If you have any questions about this report, please contact me at (916) 978-5653.

cc: Focus Leader for Management Control and Audit Follow-up, Office of Financial
Management, Office of the Assistant Secretary for Policy, Management and Budget
Audit Liaison Officer, Department of the Interior
Audit Liaison Officer, Assistant Secretary for Fish and Wildlife and Parks
Audit Liaison Officer, National Park Service

STATUS OF PRIOR AUDIT REPORT RECOMMENDATIONS

Recommendations	Status	Action Required
1	Not Implemented	We are referring the recommendation to the Office of Financial Management, Office of Policy, Management and Budget, for tracking of implementation. The Park's Superintendent should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation.
2	Resolved and Implemented	No further action required.
3	Resolved and Implemented	No further action required.
4	Resolved and Implemented	No further action required.