

**Arizona State Parks Board  
Management Letter  
Year Ended June 30, 2001**



STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

February 13, 2002

Kenneth E. Travous, Executive Director  
Arizona State Parks Board  
1300 West Washington Street  
Phoenix, AZ 85007

**Subject: Management Letter**

Dear Mr. Travous:

In planning and conducting our audit of the State of Arizona for the year ended June 30, 2001, we considered the Arizona State Parks Board's internal controls over financial reporting and tested its compliance with laws and regulations that could have a direct and material effect on the State's financial statements as required by *Government Auditing Standards*.

Specifically, we performed tests of land, buildings, improvements, and equipment, as well as input and output controls over the Arizona Financial Information System and the Human Resources Management System.

There are no audit findings that are required to be reported by *Government Auditing Standards*. However, our audit disclosed internal control weaknesses that do not meet the reporting criteria. Management should correct these deficiencies to ensure that it fulfills its responsibility to establish and maintain adequate internal controls. Our recommendations are described in the accompanying summary.

This letter is intended solely for the information of the Arizona State Parks Board and is not intended to be and should not be used by anyone other than the specified party. However, this letter is a matter of public record, and its distribution is not limited.

Should you have any questions concerning its contents, please let us know.

Sincerely,

Dennis L. Mattheisen, CPA  
Financial Audit Director

Attachment

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## The Board needs to ensure that asset information is accurate

The Parks Board is responsible for the oversight and management of Arizona's public parks. Consequently, it is particularly important that the Board properly value and record these assets, along with its buildings and equipment, on its fixed asset system. However, auditors noted recordkeeping errors that affect the system's accuracy and integrity. For example, 3,498 acres donated to the State for the Oracle State Park in 1986 and valued at \$4.1 million were not recorded. In addition, assets valued at more than \$2.9 million were recorded twice.

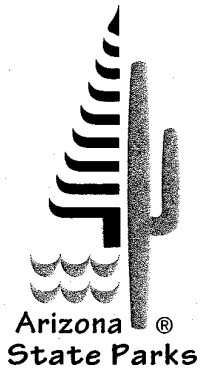
Using the following recordkeeping procedures will help ensure that the Board's fixed asset system contains accurate information:

- At the time of receipt record donated assets at fair market value as of the date of donation.
- Review the updated information at least annually to ensure that all required data fields are completed and accurate.
- Reconcile current-year fixed asset balances to previous-year balances. Investigate and resolve any discrepancies. The separate additions and deletions listings should be used to help support the reconciliation.

## The Board needs to ensure the accuracy of payroll information

The Department of Administration's Human Resources Management System (HRMS) generates payroll checks and payroll information for the Parks Board's employees. Data for HRMS is generated by the Board's own internal time accounting system. However, a lack of controls over data input into HRMS from the Board's system creates the potential for error without a means for detecting and correcting those errors.

The Board should assign an employee, who is not involved in HRMS data input, the responsibility of reconciling HRMS output to the Board's own time accounting system. Any discrepancies should be investigated and resolved. Implementing this control will help ensure that any errors will be detected and corrected.



"Managing and conserving natural, cultural, and recreational resources"

November 17, 2001

Office of the Auditor General  
2910 North 44th Street, Suite 410  
Phoenix, AZ 85018

**RE: INTERNAL CONTROL OVER FINANCIAL REPORTING**

Jane Dee Hull  
Governor

Arizona State Parks (ASP) has received the evaluation report on the internal control over financial reporting of ASP conducted by the Office of the Auditor General. By identifying areas of weakness within our internal control, you have directed us to areas in which may improve. On behalf of the ASP Board and staff, I thank you for working with our staff to improve our business of managing and conserving Arizona's natural, recreational and cultural resources.

State Parks  
Board Members

Chair

Walter D. Armer, Jr.  
Benson

The Board has processes in place to safeguard assets and to maintain financial reporting accuracy. It is apparent that the audit findings are enhancements to the processes currently in place, not findings of omission, inaction, or irregularity. Although *Governmental Auditing Standards* do not require a report, we will use these findings along with your recommendations to further enhance our processes.

Vice-Chair

Suzanne Pfister  
Phoenix

Joseph H. Holmwood  
Mesa

We concur with the finding that to improve internal control over fixed assets, prior year-end amounts on the listing should be reconciled to the current year-end amounts on the listing. Errors of omission or the double counting of assets pointed out by your staff will be corrected.

John U. Hays  
Yarnell

Elizabeth J. Stewart  
Tempe

We concur with the finding that the ASP did not adequately reconcile data submitted to the DOA HRMS system to internal payroll records. Reconciliation procedures to ensure accuracy of data input will be implemented.

Vernon Roudebush  
Safford

Your staff provided invaluable information for the on-going training of staff within the Fiscal Services unit. The points for discussion will be used to improve procedures. The exit interview conducted with your professional staff was also an excellent source of training for our staff.

Michael E. Anable  
State Land  
Commissioner

Thank you for the opportunity to respond to this report as we continue in our efforts to improve our agency and its processes.

Kenneth E. Travous  
Executive Director

Sincerely,

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Mark Siegwarth  
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