



## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

To: Members of the County Council  
County Executive Allan Kittleman

From: Craig Glendenning  
County Auditor 

Date: February 2, 2016

Subject: Administration's current status on the Forest Conservation Fund Audit

We requested the current status on our findings and recommendations from our March, 2015 audit of the Forest Conservation Fund from the Administration. This was not intended to be a follow-up audit, and no test work was performed.

Based on the "Administration's Current Status" as of January 22, 2016, a number of recommendations remain unresolved. We will be following up with the Administration for the status of our recommendations in the future.

### FINDINGS AND RECOMMENDATIONS

#### **Finding 1**

**The Forest Conservation Manual has not been updated since 1999.**

We recommended that DPZ periodically revise the Forest Conservation Manual to reflect the most current guidance on the Program.

#### ***Administration's Current Status:***

County Administration concurs with this finding. Due to the recent change in administration in DPZ as well as shifting of priorities, the manual remains on the list of legislation to be updated. County Administration will continue to work with DPZ to prioritize their workload.

**Finding 2****Certain revenues placed into the Fund do not appear to be consistent with the County Code.**

We recommended that DRP discontinue depositing revenue into the Fund that is not specifically mentioned in the County Code.

***Administration's Current Status:***

County Administration concurs with this finding. DRP will discontinue the placement of miscellaneous revenues, not specifically mentioned in the Code, into the Forest Conservation Fund; instead they will be placed in the Recreation and Parks Fund (name change coincides with the Administration's response to the Self-Sustaining Fund Audit findings #1 and #2). DRP will be responsible for monitoring revenues deposited into the Fund.

**Finding 3****Certain expenditures from the Fund do not appear to be consistent with the County Code.**

We recommended that DRP use the Forest Conservation Fund exclusively for forest conservation consistent with the current language contained in the County Code.

***Administration's Current Status:***

County Administration concurs with this finding. The issue related to deer management expenditures has been clarified and subsequently resolved; DRP will ensure that expenditures made out of the Fund for purposes of deer management, are in fact put to use for that specific purpose. Regarding the other 8 payments in question, DRP will discontinue making miscellaneous purchases out of the Forest Conservation Fund; instead they will be made out of the Recreation and Parks Fund (name change coincides with the Administration's response to the Self-Sustaining Fund Audit findings #1 and #2). DRP will be responsible for monitoring the payments made out of the Fund.

**Finding 4****Certain salary and fringe benefit costs should not be charged to the Fund.**

We recommended that DRP review the jobs of each current employee charged to the Fund and discontinue using the Fund for those positions whose job responsibilities do not specifically benefit forest conservation. We also recommended that given the Fund's revenue stream, DRP consider moving all positions to the general fund.

***Administration's Current Status:***

County Administration concurs with this finding and has been working with both DRP and Budget on this matter. DRP believes there is potential to move two of the five positions from the Fund to the general fund, gradually over the next fiscal year. After working with the Budget office it is clear that the movement of non-general fund positions to the general fund is a priority. Departments will be submitting a multi-year plan alongside their budget requests for FY17; using this information the Budget office and the County will work together to prioritize those position shifts.

**Finding 5**

**The Fund had not reimbursed a capital project for expenditures made for forest conservation easements.**

We recommended that DRP, in conjunction with the Office of Budget and the Department of Finance, transfer funds used to purchase private forest conservation easements from the Fund to the capital project.

***Administration's Current Status:***

County Administration concurs and has been working with DRP, Finance and Budget on the transfer of the funds in question. Finance contacted DRP and requested the transfer of a portion of the funds; in FY15 \$400,000 was transferred (SAP document 101076568). DRP has spoken with Budget and Finance so that these amounts can be budgeted in the next FY; the transfer of the remaining amount will occur in July of 2016. County Administration has requested that DRP prepare a process/procedure for the handling of transfers going forward.

DRP has prepared the following internal procedure to ensure that the transfer of funds is handled timely and accurately from this point on: *"The Department of Recreation and Parks (DRP), Natural Resources Division will be requesting funding from the Forest Conservation Fund to reimburse the Capital budget N3971 through the yearly operating budget process. The budgeted amount will be based on the projected expenditures for the Private Forest Conservation Program for the upcoming fiscal year. The DRP will request transfers through the Finance Office on a semiannual or annual basis, based on expenditure activity."*

**Finding 6****The Fund did not reimburse the General Fund for services rendered.**

We recommended that the Fund work with the Office of Budget to determine the amount of support provided by General Fund departments to the Fund. We also recommended that the Fund reimburse the General Fund for this amount.

***Administration's Current Status:***

County Administration concurs with the finding. In conjunction with the recently issued draft self-sustaining fund audit, the budget office is working with DRP to investigate the potential to begin incorporating reimbursements to the GF into the budget process for the coming years.

**Finding 7****Not all capital assets were recorded in the County's fixed asset records.**

We recommended that DRP take appropriate action to report all weapons owned to the Department of Finance for inclusion in the County's fixed asset records.

***Administration's Current Status:***

County Administration concurs with this finding. All six of the weapons in question were capitalized in FY15 as fixed assets in SAP. Please find the attached SAP document numbers as reference.

**Finding 8****DPZ did not collect all required fees.**

We recommended that DPZ pursue collection of the required inspection fee from the property developer.

***Administration's Current Status:***

County Administration concurs with this finding and the inspection fee in question was collected by DPZ. Please find the attached document as reference.

cc: Lonnie R. Robbins  
John Byrd  
Caitlin Connors