

**DEPARTMENT OF CONVERSATION AND RECREATION  
RICHMOND, VIRGINIA**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2003**



## **AUDIT SUMMARY**

This report contains the results of our audit of the Department of Conservation and Recreation, including the Chippokes Plantation Farm Foundation, Virginia Land Conservation Foundation, Virginia Outdoors Foundation, and Virginia State Parks Foundation for the year ended June 30, 2003.

We found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no material internal control weaknesses;
- no instances of noncompliance with material laws and regulations that are required to be reported; and
- adequate implementation of corrective action on prior audit findings.

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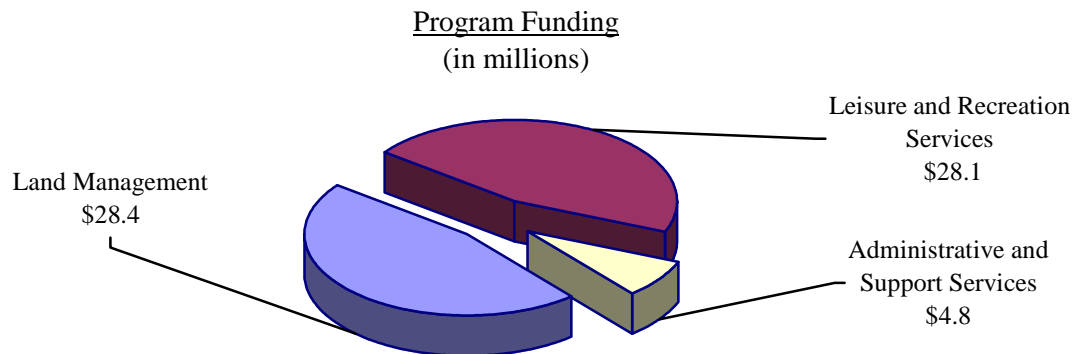
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## **AGENCY INFORMATION AND FINANCIAL HIGHLIGHTS**

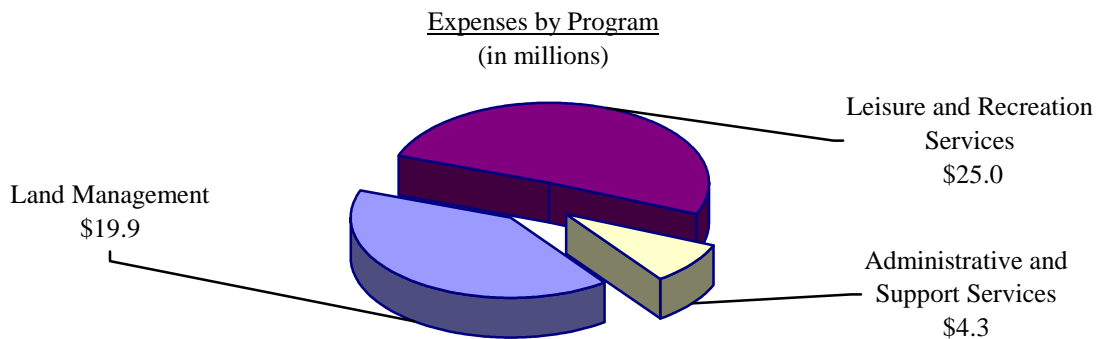
### **DEPARTMENT OF CONSERVATION AND RECREATION**

#### **Introduction**

The Department of Conservation and Recreation's mission is to conserve, protect, enhance, and advocate the wise use of the Commonwealth's unique natural, historic, recreational, scenic, and cultural resources. Operational funding for the department in fiscal year 2003 totaled approximately \$61.3 million, as shown below:



The Department spent approximately \$49.2 million on operational expenses during fiscal year 2003. The chart below shows total expenses by program for the year:



Of the \$12.1 million in unspent appropriations, \$9.4 million was reappropriated to be spent on specific programs during fiscal year 2004. Federal grants totaling \$2.7 million were not drawn upon; therefore, this money will be available for fiscal year 2004 use.

In addition to the operational funding, the department received approximately \$152.8 million in capital project funding. The majority of this funding resulted from the "Commonwealth of Virginia Parks and Natural Areas Bond Act of 2002" which was approved by voters in November 2002. The act authorized the Commonwealth to sell bonds in an amount not to exceed \$119.04 million. Of this amount, \$36.5 million is earmarked for acquisition of land for Natural Area Preserves and Parks and to acquire in-holdings and adjacent properties. Of the remaining \$82.54 million, approximately \$19 million is intended for facility repairs. The remainder is intended for construction. During fiscal year 2003, \$3.6 million was spent; however, disbursement activity will continue for several years.

## Department Organization

The Department's workload is managed by seven divisions: Administration, Finance, State Parks, Natural Heritage, Soil and Water Conservation, Planning and Recreation Resources, and Dam Safety and Floodplain Management.

### Administration

The Division of Administration provides human resources, information systems, procurement, and public communications support to the department and other divisions.

### Finance

The Division of Finance records and reports financial transactions including accounts payable, fixed assets, and payroll. The division also performs grant management and regulates the Department's financial reporting policies and procedures.

### State Parks

The Division of State Parks operates 34 state parks. Most state parks offer outdoor recreational activities including camping, hunting, hiking, horseback riding, boating, fishing, swimming, and cabin rentals. Some parks also offer visitor centers, museums, exhibits, conference facilities, and environmental education centers. The Department received approximately \$9 million in state parks revenue in fiscal year 2003 from fees charged for admission, parking, merchandise and food sales, and park activities.

### Natural Heritage

The Division of Natural Heritage works toward the conservation of the Commonwealth's rare, threatened, and endangered plants, animals, and natural communities through biological inventory, protection, and stewardship. The Division has dedicated 40 natural areas totaling 36,181 acres by ensuring that the areas are managed primarily for the benefit of the rare communities and habitats.

### Soil and Water Conservation

The Division of Soil and Water Conservation seeks to prevent degradation of the Commonwealth's water quality and quantity. Most of the Division's efforts are devoted to controlling nonpoint source pollution, which is water pollution caused by diffuse runoff that is not confined to a single discharge point (such as a wastewater treatment plant). The Division is also responsible for administering the following state-mandated programs: erosion and sediment control, stormwater management, nutrient management, agricultural best management practices, shoreline erosion control, floodplain management, dam safety, and public beach conservation.

### Planning and Recreation Resources

The Division of Planning and Recreation Resources assists local parks and recreation departments through funding and training programs. More than 50,000 acres have been purchased for parks and recreation in more than 400 parks around the state. The Division provides policy and direction to the public and private sectors so they can better manage these recreational resources.

### *Dam Safety and Floodplain Management*

The Division of Dam Safety and Floodplain Management implements the regulations set forth by the Soil and Water Conservation Board. The Division's purpose is to provide for safe design, construction, operation, and maintenance of dams to protect public safety. Of the 1,600 lakes in the Commonwealth, only two of which are natural, 1,382 are covered under the dam safety program.

## FOUNDATIONS

### Chippokes Plantation Farm Foundation

The Chippokes Plantation Farm Foundation plans, manages, and provides financial and material resources and technical assistance for the development, maintenance, and operation of the Chippokes Farm and Forestry Museum and Chippokes Plantation State Park located in Surry County. The Foundation receives funding from General Assembly appropriations, farmland rent payments, donations, admissions, and gift shop sales.

### Virginia Land Conservation Foundation

The Virginia Land Conservation Foundation establishes permanent conservation easements and purchases open spaces, parklands, lands of historic or cultural significance, farmlands, forests, and natural areas for recreational or habitat protection purposes. The Foundation also provides matching grants to state agencies, local governments, public bodies, and registered nonprofit groups for purchasing fee simple title to or other rights, interests or privileges in such property. Grants and other operational expenses are funded through General Assembly appropriations and private gifts.

### Virginia Outdoors Foundation

The Virginia Outdoors Foundation promotes the preservation of open space lands and encourages private gifts of money, securities, land, or other property to preserve the natural, scenic, historic, open-space, and recreational areas of the Commonwealth. The Foundation currently holds easements on over 247,127 acres and owns approximately 3,500 acres of gifted open land plus one historic site. In addition to General Assembly appropriations, the Foundation receives funding from donations, rental, and interest income.

### Virginia State Parks Foundation

The Virginia State Parks Foundation assists the Department in conserving the Commonwealth's parks and natural areas. In addition to funding received from the General Assembly, the Foundation also accepts gifts of money, securities, or other property designated for conservation and maintenance. In 2003, the General Assembly passed legislation that merged the Virginia State Parks Foundation with the Board of Conservation and Recreation (effective on July 1, 2003).



# Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

March 26, 2004

The Honorable Mark R. Warner  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Lacey E. Putney  
Vice Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

## INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Department of Conservation and Recreation**, including the Chippokes Plantation Farm Foundation, Virginia Land Conservation Foundation, Virginia Outdoors Foundation, and Virginia State Parks Foundation for the year ended June 30, 2003. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

### Audit Objective, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Department's internal control, and test compliance with applicable laws and regulations. We also reviewed the Department's corrective actions of audit findings from prior year reports.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's operations. We also tested transactions and performed such other auditing procedures, as we considered necessary to achieve our objectives. We reviewed the overall internal accounting records, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenue and Cash Receipts  
Expenditures  
Capital Outlay

Grants Management  
Cash and Investments  
Fixed Assets

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's controls were adequate, had been placed in



operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness, and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

#### Audit Conclusions

We found that the Department of Conservation and Recreation and the related Foundations properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and in the Foundations' financial records. The Department and the Foundations record their financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System and the Foundation's financial records.

We noted no matters involving internal control and its operation that we consider to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The Department has taken adequate corrective action with respect to audit findings reported in the prior year.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

#### EXIT CONFERENCE

We discussed this report with management at an exit conference held on April 16, 2004.

AUDITOR OF PUBLIC ACCOUNTS

CAL:whb  
whb:77

AGENCY OFFICIALS  
(As of June 30, 2003)

DEPARTMENT OF CONSERVATION AND RECREATION

Joseph H. Maroon  
Director

CHIPPOKES PLANTATION FARM FOUNDATION

Senator Frederick M. Quayle  
Chairman

VIRGINIA LAND CONSERVATION FOUNDATION

W. Tayloe Murphy, Jr.  
Chairman

VIRGINIA OUTDOORS FOUNDATION

Paul G. Ziluca  
Chairman

VIRGINIA STATE PARKS FOUNDATION

W. Scott Smith  
Chairman