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**INDEPENDENT STATE AUDITOR'S REPORT
ON CERTAIN ACTIVITIES OF THE
DEPARTMENT OF CONSERVATION AND
RECREATION'S USE AND
PERMITTING PROGRAM OF PUBLIC LANDS
JULY 1, 2003 THROUGH JUNE 30, 2004**

**OFFICIAL AUDIT
REPORT
JULY 26, 2005**

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INTRODUCTION

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The Massachusetts Department of Conservation and Recreation (DCR) was created by Chapter 41, Section 1 of the Acts of 2003 on July 1, 2003 by the merger of the Department of Environmental Management (DEM) and the Metropolitan District Commission (MDC) to form a single agency. DCR is responsible for the oversight and monitoring of the land use/permit program that allows permit holders to maintain cottages (sometimes referred to as campsites) within the boundaries of the state forest and parks system. Most of these cottages are located on or have access to lakes or ponds in the state forest system or on an island in Boston Harbor. Our prior audit reported that there were 158 approved permits within Myles Standish State Forest (MSSF) in the Town of Plymouth, and our follow-up audit determined that, as of July 19, 2004, there were 146 annual permits at MSSF, 11 permits at Lake Ashmere in the Town of Hinsdale, 35 permits at Peddocks Island in Boston Harbor, and 18 permits at Otis Reservoir in the Town of Otis. The annual costs for these permits range from no cost at Otis Reservoir to \$400 on Peddocks Island to \$900 on Lake Ashmere to \$3,800 in Myles Standish State Forest (MSSF). These cottages can be bought and sold by the permit holders on the condition that the Commonwealth has the “right of first refusal” on any offer made to purchase a cottage in the permit program.

The purpose of our audit was to review and evaluate DCR’s statewide land use program/permit program to determine whether program practices conform with DCR’s stated policies and legal requirements for permits granted for cottages/cabins located on state park land. We also followed up on the issues revealed in our prior audit reports (No. 89-6011-9 and 91-6019-7) to determine whether any corrective action had been taken.

The prior audit results included noncompliance with Title V Septic Regulations, restriction of public access to park beaches and other park property, construction of additions and other permanent structures in noncompliance with permit restrictions, noncompliance with building codes, disposal of hazardous and unsafe refuse, and inadequate controls over permit issuance and the collection of permit fee revenues. Our follow-up review of the permit program determined that DEM and its successor, DCR, have not taken sufficient corrective action to resolve the prior audit issues. Specifically, our review determined that conditions have not changed from our prior audits and that DCR’s inadequate oversight and the inappropriate use of the land by permit holders and squatters (permit holders who have taken possession of the land year after year and have gradually progressed from seasonal camps to more permanent structures such as cottages and homes) in the state’s parks and forests represent a hazard to the public’s health and safety and deprive certain communities of related personal property taxes from the owners of these cottages. In response to our audit, DCR indicated that it has taken corrective action or is in the process of taking corrective action on the issues cited in the audit report.

AUDIT RESULTS

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1. THE PUBLIC'S ACCESS WITHIN MYLES STANDISH STATE FOREST AND LAKE ASHMERE HAS BEEN IMPROPERLY RESTRICTED BY PERMIT HOLDERS NONCOMPLIANCE WITH PERMIT CONDITIONS

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Our prior audits disclosed that permit holders had erected fences and barriers that limited the public's access to the park's land and water. In addition, numerous piers had been erected that hindered the public's ability to walk along the shoreline of the waters of these state public parks. Moreover, this work had been performed without the permit holders seeking approval from DEM, and DEM had not taken action to stop these practices.

Our follow-up audit determined that barriers to the public's access to areas within the parks and forest still exist. We observed "Danger Unguarded Water" and "No Trespassing" signs at MSSF and Lake Ashmere, as well as locked gates and fences along other ponds that restricted the public's access. At MSSF and Lake Ashmere, we observed docks, decks, and ramps built across the beach and extending into the water that impede the public's right to walk along the water frontage in these parks, restrict the public's access to the beaches, and represent a serious risk to public safety. In addition, we found that many of these decks and docks were built with improper and prohibited materials and could easily cause injuries and health and safety issues. We also observed at least 28 makeshift constructed docks along College Pond in MSSF that represent a threat to public health and safety as well as the park's ecosystem, because they were constructed using lumber that was pressure-treated with hazardous chemicals that are not in compliance with building codes. In response to this issue, DCR indicated that it is committed to public access in the state parks and has reminded its staff to identify and remove all barriers to public access. In addition, DCR indicated that signs near unguarded bodies of water are not intended as a barrier to public access, but rather to inform the public that a lifeguard is not available in that area of the park. DCR should continue to identify and remove all impediments to public access that have been created by the permit holders. In addition, DCR staff should remove any barriers or signs that may create a perception that the public is restricted from areas within the state's parks and forests.

2. PERMIT HOLDERS CONTINUED NONCOMPLIANCE WITH PERMIT CONDITIONS HAS RESULTED IN PUBLIC HEALTH AND SAFETY ISSUES

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Our prior audits reported numerous instances of building code violations among permitted campsites located within state forest property to which the public has a right of access. Noncompliance with building codes pose a health and safety hazard to the public, who in most instances are paying to enter the state forest. Moreover, noncompliance with building codes and notably the electrical code pose a fire risk within the state forest, especially during the summer months when fire risks are high and electrical utilities are most likely to be used. We found sites where telephone lines were brought into the state parks, strung through tree limbs and under water, and installed at numerous cottages that were not in compliance with building codes. We also found numerous instances of outdoor plumbing, which poses a potential gray water problem since the wastewater, which contains human waste and cleaning products, drains directly

on land and towards any of the numerous ponds or lakes. In response to this issue, DCR indicated that it shares our concerns that all renovations and additions made to campsites are in compliance with the state's building code and do not pose a risk to the public using the parks. DCR stated that it has taken steps to address this issue, including instituting a new self-certification inspection process for all permit holders; compiling a photographic inventory of each campsite to record the existing condition of each campsite and structure; and revising its inspection process and form to strengthen the program and compliance. We reiterate, however, that the issues revealed in our report present serious health, safety, and environmental hazards whose remediation should be accomplished immediately.

3. NUMEROUS COTTAGES SOLD WITHOUT TITLE V SEPTIC INSPECTIONS AND OTHER AREAS OF NONCOMPLIANCE WITH STATE AND LOCAL BUILDING CODES

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Our prior audits disclosed that DEM's regional engineers had inspected the cottages sited at MSSF and determined that 65% of the cottages at Fearing Pond and all of the cottages at College Pond were not in compliance with the provisions of the state septic regulations, Title V. DEM staff concluded that septic systems/outhouses at Fearing Pond and College Pond were not in compliance with Title V because they were too close to the water or because cottages were not more than four feet above mean high water during the wet season. Also, a permit holder had constructed a new cottage within 100 feet of the water of Widgeon Pond, which was not in compliance with Title V, and permit holders at MSSF were not in compliance with Chapter 31, Section 40, of the General Laws, the Wetlands Protection Act, by clearing trees in conservation areas and by constructing retaining walls to create additional beach frontage on the ponds of MSSF. Moreover, this work had been performed without the permit holders seeking approval from DEM, and DEM had not taken action to stop these practices.

Our follow-up review disclosed that DEM and its successor agency, DCR, had not taken steps to correct these issues. We also determined that despite state regulations requiring all properties sold to obtain a Title V Certificate of Compliance, numerous properties have been sold within the last three years without the required Title V Certificates of Compliance being obtained. In its response, DCR indicated that it routinely tests the quality of park waters designated for swimming and that it will be conducting extensive testing to establish a definitive water quality base line for the aquifers associated with the ponds in the state parks. DCR also stated that, although a Title V certificate of compliance may not be technically required with the transfer of personal property, it is working closely with DEP to address issues concerning water resources and public health. DCR also indicated that although it was not aware of any concerns by local authorities for unpaid taxes, it would work cooperatively with municipalities to address a permit holder's alleged failure to pay properly assessed taxes. Nevertheless, we reiterate that, as the owner of the real property on which these campsite structures have been erected or constructed, DCR has the responsibility to ensure that the actions of permit holders do not have an adverse effect on the surrounding state-owned land, ponds, lakes, and structures. Also, to ensure that all appropriate taxes are levied and collected by federal, state, and municipal authorities, DCR should contact those agencies whenever in its permitting process it becomes aware of a change or transfer of ownership of the property.

4. INADEQUATE INTERNAL CONTROLS, POLICIES, AND PROCEDURES OVER DCR'S PERMIT PROGRAM**21**

We conducted a review of DCR's policies and procedures that govern the land use/permit program and determined that although some written policies and procedures were in place, none were approved by the current or past administration. In fact, the only guidance for the program is the contents of the permit that is issued each year. Because DCR did not have approved policies and procedures in place, DCR could not demonstrate that the permit program was being monitored and managed efficiently and effectively or that management had communicated reporting and monitoring responsibilities to all employees.

One example of where improvements are needed over policies and procedures is in the area of permit fees. For example, we found that 20 permit holders had not submitted their permit fees by the June 30, 2004 deadline but were still allowed use of their cottages, 11 permit holders were allowed to make partial payments to accommodate various family members, and in one case the permit for a cottage that has been boarded up and unused for several years was still considered valid, even though a payment had not been issued in a number of years. Also, because park staff were allowed to collect and deposit permit fees without procedures in place for the centralized collection, recording, depositing and reporting of permit revenues, there was inadequate assurance that all fees collected were deposited and accounted for. In addition, DCR was not using the Office of the State Comptroller's (OSC) Billing and Accounts Receivable system to track and monitor its permit holders, and it has no record of when a cottage permit was initially issued to a permit holder.

In its response, DCR indicated that it has improved its internal controls over fee revenues and permit program records by developing a single, consistent permit for all campsites and centralizing the program's management under DCR's Bureau of Special Services and Events in its Boston Office. DCR also stated that, as part of this consolidation, it has eliminated fee collection at the park level and has centralized fee collection in the Boston office, which should give the parks rangers more time to monitor and enforce the terms of the permit. Nevertheless, DCR should continuously monitor the collection, processing, recording, and reporting of permit revenue to ensure compliance with OSC and DCR policies and procedures and enforce the permit's language concerning the transfer of permit ownership.

INTRODUCTION

Background

The Massachusetts Department of Conservation and Recreation (DCR) was created by Chapter 41, Section 1, of the Acts of 2003, on July 1, 2003 by the merger of the Massachusetts Department of Environmental Management (DEM) and the Metropolitan District Commission (MDC) together to form a single agency. DCR is responsible for the oversight and monitoring of the permit program that allows permit holders and squatters (a permit holder that has taken possession of the land year after year and has gradually progressed from seasonal camps to more permanent structures, such as cottages and homes) to maintain cottages, sometimes referred to as campsites, within the boundaries of the state forest and public parks system. Most of these cottages are located on or have access to a lake or pond in the state forests, or on an island in Boston Harbor. Our prior audit reported that there were 158 approved permits within Myles Standish State Forest (MSSF) in the Town of Plymouth, and our follow-up audit determined that there were 146 annual permits at MSSF, 11 campsite permits at Lake Ashmere in the Town of Hinsdale, 35 permits at Peddocks Island in Boston Harbor, and 18 permits at Otis Reservoir in the Town of Otis. During the period 1989 through 2004, the total number of permits issued within MSSF decreased in total by 10 (Curlew Pond decreased by seven and College Pond decreased by three), and the total number of permits at Lake Ashmere decreased from 13 to 11. The MSSF permit is valid from Patriots Day in April until Columbus Day in October, whereas permits at the other state parks are valid for the entire year.

The annual costs for each of these permits range from \$400 at Peddocks Island to \$900 on Lake Ashmere to \$3,800 in MSSF. These cottages can be bought and sold by the permit holders on the condition that the Commonwealth has the “right of first refusal” on any offer made to purchase a cottage in the permit program.

Campsite Location	No. of Permits	Permit Cost	Total
MSSF – Ponds*	118	\$3800	\$448,400
MSSF – Fearing Pond	28	\$1620	45,360
Lake Ashmere	11	\$900	9,900
Peddocks Island	35	\$400	14,000
Otis Reservoir	<u>18</u>	-0-	<u>-0-</u>
Totals	<u>210</u>		<u>\$517,660</u>

- This includes College Pond, Widgeon Pond, Curlew Pond, Rocky Pond, and East Point Reservoir.

Our follow-up review of prior audit results (No. 89-6011-9 and 91-6019-7) of the land use/permit program determined that DEM and its successor, DCR, have not taken sufficient corrective action in the 14 years since our initial audit report was issued. The prior audit results disclosed that permit holders and squatters (a permit holder – that has taken possession of the land year after year and gradually progressed from seasonal camps to more permanent structures such as cottages and homes) were not in compliance with Title V, the state’s septic regulations and wetland regulations.

The state’s regulation of on-site sewage systems is codified in 310 Code of Massachusetts Regulations (CMR) 15.00, referred to as the State Environmental Code, Title V. Title V describes the provisions for the siting, design, construction, repair, and replacement of on-site sewage systems. This regulation requires owners of existing systems to obtain a Certificate of Compliance from the local health authorities prior to the sale of a structure with an existing sewage system. Title V also requires owners who construct new sewage systems to comply with the siting and design requirements of the regulation and to obtain a Certificate of Compliance.

The state’s Wetland Protection Act was enacted through Chapter 131, Section 40, of the General Laws and is administered through 310 CMR 10.00, the state’s Wetland Regulations. This law protects the state’s wetlands and sets a policy of “no net loss of wetlands.” Projects proposed in wetland areas, including lake and pond frontage, must apply for an Order of Condition from the local conservation commission before undertaking any effort that may impact wetlands. Both the on-site Title V and the wetlands law set a 100-foot buffer zone around bodies of water.

Our follow-up audit also determined that public access to park beaches and other park property was restricted, additions and other permanent structures were not in noncompliance with conditions of

the permits, building codes were not complied with, and hazardous and unsafe refuse was disposed on park property. In addition, DEM had inadequate rate-setting permit fee policies and procedures and inadequate internal controls over the collection of permit fees. We also found that DEM, MDC, and their successor agency, DCR, provided inadequate oversight, which allowed squatters and permit holders to continue illegal and hazardous activities unabated, thereby placing the public's health and safety at risk.

In response to our prior audits, the Commissioners of DEM and MDC publicly stated that it was time for the permit programs to end. However, during the intervening 14 years, both DEM and MDC have amended the conditions of the permits to the benefit of the squatters and permit holders on state property while denying the public's right to enjoy unfettered access to the state's forests and public parks.

Prior audits have questioned the management and equity of the permit program under Article 97 of the Amendments to the state's Constitution, which states, in part:

The people shall have the right to clean air and water, freedom from excessive and unnecessary noise, and the natural, scenic, historic, and esthetic qualities of their environment; and the protection of the people in their right to the conservation, development and utilization of the agricultural, mineral, forest, water, air and other natural resources is hereby declared to be a public purpose.

The General Court shall have the power to enact legislation necessary or expedient to protect such rights.

In recent years some of these cottages have sold for as much as \$90,000, even though the permit holders do not have an ownership interest in the property on which the cottages are sited. Moreover, during the past 10 years several dozen permitted cottages have been sold without any testing for Title V compliance or a review for fire safety (smoke detector compliance) being performed.

Our prior audits and follow-up audit have determined that no specific law or regulation established the permit program. In fact, no one at DCR could tell us specifically, how, when, or why this program began. In addition, there is no authority to issue permits in the vague language of Chapter 132A, Section 7, of the General Laws, which grants the Commissioner authority to establish rules and regulations within the state forests, as follows:

The Commissioner, with the approval of the governor and the council, may make rules and regulations for the governing and use of all property under the control of the division, including rules and regulations relative to hunting and fishing not inconsistent with the laws protecting fish, birds and mammals. Such rules and regulations may also provide for the payment of fees and other charges for the parking of vehicles and for the enjoyment of other such special privileges within the territory under such control. The commissioner shall cause such rules and regulations to be posted in the territory to which they apply. The sworn certificate shall be prima facie evidence thereof.

DCR has not established any rules and regulations to clarify the provisions of Chapter 132A, Section 7, of the General Laws, nor have they been codified within the Commonwealth's Code of Massachusetts Regulations since our initial audit in 1989. DCR officials stated that many agency changes have occurred during the past decade, which has created much organizational turmoil. However, it is just such constant change within government that necessitates rules, regulations, policies, and procedures being developed and adopted to ensure the program's stability and accountability. Generally Accepted Government Auditing Standards (GAGAS) describe program accountability as follows:

The concept of accountability for public resources is key to our nation's governing process. Legislators, other government officials, and the public want to know whether (1) government resources are managed properly and used in compliance with laws and regulations, (2) government programs are achieving their objectives and desired outcomes, and (3) government programs are being provided efficiently, economically and effectively. Managers of these programs are accountable to legislative bodies and the public. Auditors of these programs, when they adhere to GAGAS also provide reports that enhance the credibility and reliability of the information that is reported by or obtained from officials of the audited entity.

The prior audits of the permit program found no law, rule, or regulation that authorized the permit program. The only document available was a 1920s Boston Post news article describing the availability of lots in MSSF, which stated that 1,000 lots were available for permit holders to set up a summer camp after obtaining a permit from the state. The original permit holders constructed "seasonal" camps consisting of wood floors and beams that supported canvas walls (i.e., tents). These early camps made use of hand-dug latrines and drew water from the ponds or had hand-dug wells. No evidence was presented that any permanent structures were or could be built as a result of the announcement in the Boston Post and that no more than several hundred "seasonal" camps were crafted.

Our research and review of documents at the Plymouth Town library, the State House library, and the Office of the Attorney General's library revealed no documents that detailed the establishment

of the permit program. Records at the Plymouth Assessor's office indicated that 170 cottages had been constructed, but the majority of those structures were not built until after World War II (WWII). A review of old maps of the Town of Plymouth indicated that during the Great Depression, Civilian Conservation Corp. (CCC) camps were constructed around the ponds of MSSF and that other structures within MSSF were built during WWII, when the park was used as a staging area for troops and supplies. At the end of WWII, squatters took control of these structures. In addition, during 1938 and 1939, workers were brought into MSSF to clean up debris resulting from several natural disasters. In 1938 a large forest fire destroyed 15,000 acres in Carver and Plymouth, and in 1939 a significant hurricane devastated the state and caused widespread tree damage in MSSF. The Legislature appropriated emergency funding to be used in clearing the destruction and fire hazards that resulted from these disasters, and workers brought in to perform this emergency work were sheltered around the ponds.

A review of the General Appropriation Acts from 1900 through 1940 revealed that several appropriations funded the purchase of land that established the state's forest system. These appropriations set the purchase price of land at no more than \$5 per acre. We also reviewed documents at the Plymouth County Registry of Deeds to determine whether and when land was purchased to establish MSSF.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor conducted an audit of DCR's land use/permit program for the period July 1, 2003 to June 30, 2004. In some instances it was necessary to expand our audit testing both before and after these dates. Our audit was conducted in accordance with applicable Generally Accepted Government Auditing Standards for performance audits issued by the Comptroller General of the United States and included audit procedures and tests considered necessary to meet those standards.

Our audit objectives were to:

- Review and evaluate DCR's land use/permit program to determine whether program practices conform to stated policies and procedures and whether it complied with applicable laws, rules and regulations.
- Review DCR's practices regarding the permits granted for cottages located on state park land and the associated fee structure for these facilities.

- Review DCR's fee collection practices and procedures and associated records to determine the effectiveness of the procedures and whether records are complete, accurate, up-to-date, and provide adequate controls and accountability.
- Determine whether DCR has satisfactorily addressed the issues revealed in our prior audits (No. 89-6011-9 and 91-6019-7) of the permit program and fulfilled the commitments of the agency to resolve and eliminate the problems reported.

We conducted the following audit procedures:

- Reviewed DCR's organizational charts, internal policies and procedures, and all applicable laws, rules, and regulations.
- Interviewed senior DCR officials and staff at DCR's central office in Boston and at the state reservations located at MSSF, Lake Ashmere, and Peddocks Island.
- Reviewed policies and procedures that DCR had adopted for the land use and permit program, including the fee structure.
- Met with town officials where these properties are located and discussed their concerns regarding the assessment and collection of property taxes, access issues, and noncompliance with building permit regulations.
- Obtained and reviewed documentation related to the renewal of permits.
- Visited state reservation sites and observed the conditions located on and around these permitted structures.
- Assessed the management controls established and implemented by DCR over its operations, including a review of the adequacy of DCR's internal control system over certain financial and management activities, to determine whether DCR's records for those financial and management areas were complete, accurate, up-to-date, and in compliance with applicable laws, rules, and regulations.

During our entrance conference DCR's Assistant Director informed us that the new administration had yet to authorize and implement policies and procedures for the permit program and was in the process of forming a committee to develop and implement policies and procedures.

AUDIT RESULTS

1. THE PUBLIC'S ACCESS WITHIN MYLES STANDISH STATE FOREST AND LAKE ASHMERE HAS BEEN IMPROPERLY RESTRICTED BY PERMIT HOLDERS' NONCOMPLIANCE WITH PERMIT CONDITIONS

Our prior audits disclosed that fences and barriers had been erected that restricted the public's access to the park's land and water. In addition, numerous piers had been erected that hindered the public's ability to walk the shoreline of the waters of the state's public parks. We had determined that this work had been performed without the permit holders seeking approval from the Department of Environmental Management (DEM) but that DEM had not taken action to stop these practices.

Our follow-up audit disclosed that barriers preventing public access to areas within the parks and forest intended for the public use and benefit still exist, contrary to the conditions stated on the permits issued for fiscal year 2004, which state:

- x) No Permittee shall erect, maintain or cause to be erected any sign, fence, perimeter barrier or other impediment to public access at any site governed by his permit. No pier, float, moorings or buoys may be installed or utilized without the permission of the Director.*
- y) No permittee shall erect, maintain any sign which designates: "private property", "no trespassing" or "public access prohibited" at any site governed by this permit.*

We performed several site inspections to determine compliance with DCR's permit at a number of the permitted parcels within Myles Standish State Forest (MSSF) in the Town of Plymouth and Lake Ashmere in the Town of Hinsdale. According to DCR records, as of July 19, 2004 there were 146 permitted cottages on the various ponds within MSSF and 11 permitted cottages on Lake Ashmere. Within MSSF, College Pond has 49 permitted cottages, Widgeon Pond has 35 permitted cottages, Fearing Pond has 28 permitted cottages, Curlew Pond has 17 permitted cottages, Rocky Pond has 16 permitted cottages, and East Point Reservoir has one permitted residence.

On several different occasions during the months of July and August 2004, we visited and walked the many trails within MSSF and around the park's ponds. We observed numerous instances of noncompliance with permit conditions and noted that the public's access within MSSF was improperly restricted. Because of these obstacles, the public who pay fees for

camping or parking cannot fully enjoy the park's trails and ponds, in direct contravention to permit conditions and the intent and purpose of these public lands and water.

These restrictions to public access included locked gates, chains, fences, and posted signs. For instance, at College Pond we observed signs posted along the beach areas that stated "No Access Beyond This Point," "Danger Unguarded Water," and "Area Closed." When we questioned why these signs were posted, a MSSF employee stated that lifeguards could not see that side of the beach and therefore public swimming was restricted from that area. However, contrary to this assertion, we noted that permit holders were able to swim, canoe, and sail in this area of the pond.

In addition to the "Danger Unguarded Water Area" signs noted at College Pond, we observed locked gates, chains, and fences along other ponds that restricted the public's access. We also observed several locked gates restricting access to Fearing Pond. The DCR Assistant Regional Director indicated that these padlocked gates were erected by permit holders at MSSF, and keys to these locks were not in the possession of MSSF site supervisors. We also observed temporary barriers and temporary fencing along East Head Trail that was erected by the permit holders. This trail is clearly marked by signs and is designated as a hiking trail in pamphlets that are circulated to the public.



Fearing Pond: Locked Gate Restricting Access



College Pond: "Unguarded Water Area" Sign Restricting Swimming from the Area

We discussed the public safety issues that locked gates and barriers represent at MSSF with the Town of Plymouth's Assistant Fire Chief, who stated that on dozens of occasions fire equipment and Emergency Medical Technicians (EMT) responding to calls at MSSF had to cut

locks or chains to gain access to properties therein. The Assistant Chief estimated that the annual cost of responding to emergency calls at MSSF was at least \$54,000.

In addition to the public access barriers, we observed docks, decks, and ramps built across the beach that extended into the water, further impeding the public's right to walk the water frontage in these parks. These structures not only restrict the public's access to the beaches but also represent a serious threat to public health and safety. Many of these decks and docks are shoddily built and could easily result in injuries to users, which could result in potential liability to the state. We also observed numerous makeshift, hazardous, improper, and non-conforming docks constructed along College Pond in MSSF that represent a threat to public health and safety and the park's ecosystem because they were constructed using chemically pressure treated lumber. This is not in compliance with building codes because the chemicals used to treat the lumber, notably arsenic, can leech out into the pond's water and underlying groundwater. The 2004 permits require the permit holder to "comply with all state, local and regional rules, regulations and laws."

DCR is not exercising its fiduciary responsibility of properly monitoring and managing these sites, which could expose the Commonwealth to potential liability if someone were to be seriously injured while walking along the parks' shores or otherwise legally trying to enjoy the public lands and water.

We toured several sites at Lake Ashmere in Hinsdale and observed one site that had a number of "No Trespassing" signs posted along the path to the cottage. This property also had a locked cable across the road leading into the state forest, with several additional "No Trespassing" signs posted around the cable. We also observed numerous piers that had been constructed on the shoreline of College Pond that obstructed the public's access to the shoreline.



Lake Ashmere: "No Trespassing" Sign and Locked Cable



Lake Ashmere: "Private Property" Sign

Recommendation

DCR should:

- Fulfill its responsibility to the public by enforcing the conditions contained in the permit and requiring all permit holders and squatters to comply with the conditions of the permit or face permit revocation.
- Remove all barriers, including signs, fences, gates, chains, cables, decks, docks, pins, and any other obstructions that prevent the public from gaining access to state property within the forest for which the public pays fees and is entitled to enjoy.
- Require all permit holders to certify during the renewal process that they have complied with all state and local rules and regulations and submit a statement that they have paid all local property and personal taxes that are due.

Auditee's Response

DCR is committed to public access to its state park facilities, and appreciates your concern in this area as well. The draft audit raises concern regarding "no trespassing," "danger unguarded area" and "closed" signs, as well as locked gates, that are stated as impediments to public access. With respect to "no trespassing" signs, if placed by third parties, DCR staff removes and will continue to remove these signs. We have requested that staff attempt to identify and remove such barriers to public access. I note that some "no trespassing" signs are placed by private landowners to post the edge of forested private property abutting the public forested areas....

The unguarded area sign near a water body is not intended as a barrier to public access, rather the intent of the sign is to inform and advise the public that a lifeguard is not available if they choose to swim in the area (DCR does not assign a lifeguard to every

water body in a state park). Also, the "closed" sign is typically coupled with a gate across a road or path. The sign is intended to notify that the gate closes and restricts vehicular access to that area. DCR staff can consider developing a sign that conveys the message more clearly. . . . although a gate restricts vehicular access along a trail, access along the trail on foot is perfectly acceptable.

Auditor's Reply

DCR should continue to identify and remove all impediments to public access that have been created by the permit holders. In addition, DCR staff should remove any barriers or signs that may create a perception that areas within the state's parks and forests are restricted to the public.

2. PERMIT HOLDERS' CONTINUED NONCOMPLIANCE WITH PERMIT CONDITIONS HAS RESULTED IN PUBLIC HEALTH AND SAFETY ISSUES

Our prior audits disclosed that permit holders had erected new structures and renovated existing structures without seeking permission of the Park Supervisor, and that many of these renovations were not in compliance with state building codes and septic and wetland laws and regulations.

Our follow-up audit identified numerous instances of noncompliance with building codes at "permitted" campsites located within MSSF property, many of which pose health and safety hazards to the public who are in most instances paying to enter and use the MSSF. We also noted noncompliance with electrical codes, which pose a fire risk within the MSSF, especially during the summer months, when fire risks are high and when these electrical utilities are most likely to be used. We have noted and photographed many of these plumbing, electrical, and buildings that were not in compliance with state and local building codes. Some of the electrical wiring was connected to a number of cottages.

At both the MSSF and Lake Ashmere sites, we also observed outdoor plumbing, which creates gray water and therefore poses a contamination threat to both the ponds and ground water at MSSF and Lake Ashmere. Gray water is any domestic wastewater from kitchens, bathrooms, laundry sinks, washers, or outdoor showers. The filtering and dispersal of gray water is regulated by the state's septic code, Title V.



Lake Ashmere: Plumbing Not in Compliance with State and Local Codes



Lake Ashmere: Wiring Not in Compliance With State and Local Codes

We also observed numerous docks that were not in compliance with state and local building codes at MSSF, which pose a hazard to the public's health and safety.



MSSF: Docks Obstructing Public Access and Constructed with Materials That Do Not Conform to State and Local Building Codes

At Lake Ashmere, we observed telephone lines running from the mainland in Hinsdale underwater to an island that were not in compliance with state and local codes. A junction panel was located on the island where the line was split and run through the trees to several campsites. Although this low-voltage line may not present a shock hazard, the manner in which it is run along the trees and trails at the Lake Ashmere site presents a hazard to hikers walking along the trails.



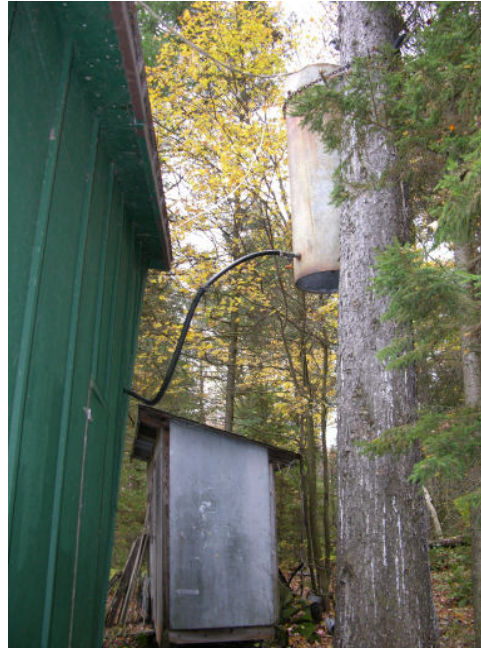
Lake Ashmere: Phone Lines Not in Compliance with State and Local Building Codes Running through Trees and Underwater

At both sites we visited, we found numerous instances of outdoor plumbing, which poses a potential gray water problem since the wastewater, which contains human waste and cleaning products, drains directly onto land and towards any of the numerous ponds or lakes. We also found outdoor showers at various campsites on a number of ponds at MSSF and a makeshift lavatory consisting of hoses running from a water pump that draws water from the lake into a 44-gallon barrel positioned 30 feet above ground in a tree. The water is then drawn using gravity, as needed, down another hose that leads into an outhouse or cottage. A gallon of fresh water weighs 8.3 pounds, so the water contained in a 44-gallon barrel would weigh approximately 365 pounds. These makeshift water systems pose yet another threat to public health, safety, and the environment for the following reasons:

- The state's public health code does not allow water to be drawn and used in this manner.
- If a barrel were to break loose and fall it could kill or seriously injure anyone walking in the area.
- The gray water created by this system leaches into the ground and surface water of Lake Ashmere.



Lake Ashmere: Outhouses Not in Compliance with State and Local Codes



Lake Ashmere: Hazardous Water Storage Tank in a Tree Secured by a Chain



Lake Ashmere: Outhouses Not in Compliance with State and Local Building Codes

We identified a number of makeshift docks along College Pond in MSSF that cause a barrier to public access of College Pond. These docks jeopardize the health and safety of the public around College Pond and the ecosystem of College Pond. When we questioned DCR officials regarding these issues, they stated that because these docks were considered temporary, they were allowed.

However, we returned to College Pond after Columbus Day when the permits expire and found that all of these docks were out of the water. We also found areas of demolished buildings and trash littering several campsites, and noted an outdoor exposed, 250-gallon heating oil tank less than 50 feet from the beach.

We also observed numerous instances of hazardous disposed of trash and debris about properties that are unsafe and pose potential environmental threats to the public and potential liability issues to the state. These squatters and permit holders are able to use the state-provided trash containers intended for the daily public and thus avoid trash disposal costs.



MSSF: Hazardous Disposal of Trash



Lake Ashmere: Hazardous Disposal of Trash



Lake Ashmere: Abandoned and Unsafe Building and Hazardous Trash



MSSF: Hazardous and Non-Conforming Oil Storage Tank

At Lake Ashmere we noted a motorboat with an outboard motor attached that had sunk while tied to a dock at one of the permitted cottages. The outboard motor was leaking oil and gas into the lake's water. We observed several cottages that had a number of large (five-foot tall),

unsecured propane tanks stored against the structures. We also observed several old refrigerators that were stored behind cottages with their doors still attached. In addition to being a safety hazard for young children, these old refrigerators contain mercury switches and chlorinated fluorocarbons (CFCs), which represent an environmental hazard.



Lake Ashmere: Sunken Motor Boat with Leaking Fuel Tank



Lake Ashmere: Safety Hazard – Old Refrigerator



Lake Ashmere: Safety Hazard – Old Refrigerator

Finally, during our tour of the cottages located on Lake Ashmere, we noted that a large earthen dam had been constructed to hold back the lake's waters. We were guided around the lake by a DCR staff person, who explained that a large paper manufacturer had constructed the dam and later given it to the state, along with some property on the lake. The state is responsible for the

dam's maintenance, and DCR's Office of Dam Safety has determined that this dam is not safe and has classified it as a hazard.

Recommendation

DCR should take corrective action to protect the public's health and safety as follows:

- Enforce all the conditions contained in the permit and revoke the permits of those permit holders and squatters who do not abide by them.
- Require all permit holders to remove any and all unapproved improvements on their cottages that do not conform with state building codes.
- Remove all docks and piers, whether temporary or not, that are not in compliance with permit requirements, state law, or building codes.
- Require all properties to conform with state and local building codes and contact the applicable electric and telephone utilities to inspect and remove or correct any noncompliant or hazardous conditions.
- Conduct an immediate inspection and removal of all hazardous and unsafe buildings, debris, storage tanks, etc., that pose a threat to the environment and public health and safety.

Auditee's Response

DCR staff recently completed an annual inspection of the cottages. The permittees have not been provided with the results yet, as DCR is revising the inspection form and finalizing a new self-certification inspection process for the cottage program. This new inspection process should substantially strengthen the program and compliance efforts, and will require the active participation of permittees. The new process will require that permittees, as the owners of the seasonal campsite structure, document and certify existing conditions at their permitted campsite, which will allow DCR to determine whether permission was provided for all activities and structures at the campsite location, as well as to monitor compliance with applicable laws. Part of this effort will include substantially expanding a photographic inventory and record of existing conditions to document the baseline conditions of each campsite and structure. As park staff will no longer be responsible for administrative tasks such as revenue collection and permit processing (as mentioned), park staff will dedicate further resources to monitoring compliance as part of this new effort. In addition, at Myles Standish State Forest, DCR will be dedicating a ranger full-time this season to assist in oversight of the cottage program. DCR's current timeline for implementing the first steps of this process is as follows: mail the new self-certification inspection form to owners by May 31, 2005; conduct the photographic inventory in June 2005; require cottage owners to return inspection forms by July 15, 2005; and verify and approve the inspection forms by August 31, 2005....

[The audit report] raised important issues regarding the safety of the privately-owned campsite structures, including compliance with the state building code and the potential

risk to the public using the park.... We will be addressing these issues and hope that the mentioned inspection process will serve, in part, towards addressing any violations by permittees. Also, DCR staff has scheduled a series of meetings with cottage owners (some of the meetings have occurred already), and safety and compliance issues are being raised to the cottage owners.

Auditor's Reply

DCR should remind the permit holders that all additions and improvements must be approved in advance and then monitor all additions and improvements made to permitted structures to determine compliance with the state building code to ensure the safety of the public using the state parks. Moreover, we reiterate that some of the issues found during our audit present serious health, safety, and environmental hazards whose remediation should be accomplished immediately.

3. NUMEROUS COTTAGES SOLD WITHOUT TITLE V SEPTIC INSPECTIONS AND OTHER INSTANCES OF NONCOMPLIANCE WITH STATE AND LOCAL BUILDING CODES

Our prior audits disclosed that DEM's regional engineers had inspected the cottages sited at MSSF and had determined that 65% of the cottages at Fearing Pond and all of the cottages at College Pond were not in compliance with the state septic regulations, Title V. DEM's staff concluded that septic systems/outhouses at Fearing Pond and College Pond were not in compliance with Title V because they were too close to the water or because cottages were not more than four feet above mean high water level during the wet season. Prior reports also disclosed that a permit holder had constructed a new cottage within 100 feet of the water on Widgeon Pond that was not in compliance with Title V, and at MSSF, permit holders were not in compliance with Chapter 131, Section 40, of the Massachusetts General Laws, the Wetlands Protection Act, by clearing trees in conservation areas and by constructing retaining walls to create additional beach frontage on the ponds.

Our follow-up audit disclosed that DEM and its successor agency, DCR, had not taken steps to correct these issues. Specifically, we determined that numerous structures on the properties have been sold at MSSF within the last three years without Title V Certificates of Compliance being obtained, contrary to state law. According to both DCR and Town of Plymouth officials, no cottage (campsite) has a Title V Certificate of Compliance. Although DCR officials were unable to provide us with any documentation to indicate that corrective action has been taken, they stated that they do perform routine water tests of the ponds, as required by the state's

Department of Public Health (DPH), to determine whether the water is fit for swimming. Samples are taken weekly and analyzed for *Escherichia coli* (*E. coli*) bacteria and enterococci bacteria (a common bacteria found in the bowels of warm-blooded animals), and the results of the testing are posted on DPH's website. The permit holders are required to have their well water independently tested for coliform bacteria and nitrites. However, DCR did not provide evidence that it is enforcing these requirements and ensuring that these test are being performed.

The permit holders are required to twice annually have their drinking water analyzed. If a well's water does not pass the testing, the permit holder is required to cap the cottage's well and septic system. However, the permit holder is allowed to continue use of the cottage if a portable toilet is brought in, bottled water is used, and the permit holder can use the park's showers. At MSSF we observed a number of cottages with portable toilets.

Also, we determined that permit holders are delinquent in paying personal property taxes levied by local authorities. In addition, permit holders may not have paid the required income taxes to the Internal Reserve Service and the Department of Revenue on the gain resulting from the sale of cottages, as well as the tax on rental income derived from the rental of cottages. This is more likely since these properties and sales thereof are not recorded or registered in the Commonwealth land court or the Registry of Deeds. We also found that there was not adequate coordination and cooperation with DCR and local town officials, including police, firefighters, and assessors.

Recommendation

DCR should ensure that safe and sanitary conditions exist within all state parks and forests and take the following corrective actions:

- Ensure that any property transferred or sold within the state's parks and forests is subject to a Title V Certificate of Compliance, or if the current conditions pose a threat to the water system, take immediate action to address the situation.
- Require that all permitted sites at MSSF, Lake Ashmere, Peddocks Island, and Otis Reservoir meet Title V requirements and other health and safety codes.
- Coordinate with local, county, state, and federal government agencies to ensure that all appropriate taxes are paid.

- Require proof of payment of all taxes before issuing or receiving a permit and allowing access to the campsite.

Auditee's Response

DCR takes seriously and shares your concern for the protection of the Commonwealth's natural resources. One goal of the new inspection and self-certification program is to better monitor compliance and impacts upon public health and environmental resources. The draft audit report recommends that DCR ensure that each "property transferred or sold" be subject to a Certificate of Compliance under Title 5 of the State Environmental Code, 310 CMR 15.00. DCR owns the real property on which the seasonal campsite structures have been constructed. However, the permittees own the campsite structure. The permittee does not have any title or interest to the underlying real property owned by DCR, rather DCR merely authorizes the permittee with the privilege to seasonally use and occupy the campsite. As such, when a permittee sells or otherwise transfers the structure, no interest in real property is conveyed. For this reason, these transfers of personal property are not (and cannot) be recorded at the Registry of Deeds. Likewise, as no interest in the real property is transferred, it does not appear that a Certificate of Compliance is required for the transfer of personal property under 310 CMR 15.301.

Even though a Certificate of Compliance may not be required, nonetheless DCR has been working closely with the Department of Environmental Protection (DEP) to address issues concerning water resources and public health. The permit for the 2005 season expressly incorporates requirements for drinking water testing and compliance at Myles Standish State Forest. DCR staff recently met with permittees to explain the requirements. As the draft report acknowledges, DCR performs routine (actually, daily) testing of waters that are designated for swimming. In addition, the prior permit requires certain testing related to campsite wells, and the requirements for this year have been expanded. In the upcoming weeks for example, and in accordance with discussions with and requirements of DEP, testing will move forward to document water quality on representative wells at each pond. In these tests, samples will be analyzed for certain organic and inorganic elements and compounds as well as radionuclide. The tests are intended to establish a definitive water quality baseline for the state of the aquifers associated with these ponds and the associated wells....

[DCR notes] the concern expressed regarding whether permittees are paying their taxes, whether federal, state or local. If local authorities can legally levy such personal property taxes upon the campsite structure located within the state park, and have in fact done so, DCR would be interested in ensuring that the permittee is meeting its obligation to pay properly assessed taxes. [DCR is] not aware of any matter involving unpaid balances being raised to DCR by the local authority. Of course, DCR would work cooperatively with a municipality to address a permittee's alleged failure to pay properly assessed taxes....

Auditor's Reply

DCR should continue work with DEP to protect the water quality of the state's parks and forests. Also, DCR indicated it recognizes that although a Title V certificate of compliance may not be technically required with the transfer of personal property, it is working closely with DEP to address issues concerning water resources and public health. However, we reiterate that, as

the owner of the real property on which these campsite structures have been erected or constructed, DCR has the responsibility to ensure that the actions of permit holders do not have an adverse effect on the surrounding (state-owned) land, ponds, lakes, and structures.

In regard to the issue of assisting in ensuring that any related taxes are reported and taxed accordingly by the appropriate federal, state, and municipal authorities, DCR should contact those agencies whenever in its permitting process it becomes aware of a change or transfer of ownership of the property.

4. INADEQUATE INTERNAL CONTROLS, POLICIES, AND PROCEDURES OVER DCR'S PERMIT PROGRAM

Our prior audit determined that DEM had no procedures for setting and collecting fees from permits and needed to improve its internal controls over the permit program.

Our follow-up review of DCR's policies and procedures over the permit program disclosed that although DCR had some written policies in place, they were not approved by the current or past administrations. In fact, the only program guidance for the permit program is the contents of the permit that it issues each year. Because DCR did not have approved policies and procedures in place, it could not demonstrate whether the permit program was being managed efficiently and effectively or whether management had communicated DCR's reporting and monitoring responsibilities to all employees.

In addition, we determined that DCR did not have a written internal control plan in place. Chapter 647 of the Acts of 1989, An Act Relative to Improving Internal Controls Within State Agencies, states that the internal controls systems of all agencies are to be clearly documented and readily available for examination. This plan should include internal control procedures, an internal control accountability system, and identification of the agency's operating cycles. Chapter 647 requires that each agency designate an official whose responsibility shall be to ensure that the agency has written documentation of its internal controls and that this official annually evaluate the effectiveness of the agency's internal control system. We interviewed DCR Managers and Directors at their headquarters in Boston and at their site locations in Carver and Pittsfield and discussed not having approved policies, plans, and procedures and an internal control plan. The Managers and Directors stated that they were in the process of forming a committee to address this issue.

DCR's lack of an internal control plan and written policies and procedures creates a serious situation because both the MDC and DEM were required by Chapter 647 to prepare an agency-wide internal control plan, as well as designate a responsible agency official as the Internal Controls Officer. In addition, the Office of the State Comptroller has required that all agencies prepare and file an agency-wide risk assessment. As the successor agency, DCR should have two internal control plans to rely upon when developing its own internal control plan.

One example of an area in which improvements are needed over internal controls and policies and procedures is permit fee revenue. Our review of revenue from permit fees disclosed that DCR was allowing permit holders at MSSF to make partial payments when paying for their permits, which are valid from Patriots Day in April until Columbus Day in October. However, the language of the permit concerning payment of fees and occupancy are contradictory. Specifically, the final provision of the permit indicates that the required fee should be submitted by June 30, 2004 and that all fees must be paid prior to any authorized occupancy.

*This application for permit must be completed and **submitted with the required fee and water test results, prior to June 30, 2004** to the Park Supervisor at the Park Headquarters. An approved copy will be returned upon approval of the Commissioner. **All fees must be paid in full prior to any authorized occupancy.**" [Emphasis added]*

We found that all permit holders were allowed use of their cottages from Patriots Day through June 30. Our review of MSSF records revealed that 20 permit holders had not submitted the permit fee by June 30, 2004 but were still allowed use of the cottage. We also found 11 instances in which permit holders were allowed to make partial payments to accommodate various family members. Moreover, we noted that in one case a permit for a cottage that has been boarded up and not used in several years was still considered valid even though a permit payment had not been made in a number of years.

When questioned about allowing permit holders to make payments after the June 30 date and to make partial payments, officials at DCR stated that some permits are owned jointly by a number of family members, each of whom remit their portion of the permit fee.

Our review also determined that there are several other areas in which improvements are needed over the internal controls of permit fee revenues, as follows:

- An accounts receivable was not established in the Office of the State Comptroller's (OSC) Billing and Accounts Receivable system (BARS) for each permit issued. Using the BARS system would enable DCR to monitor revenue activity and commence collection procedures for unpaid permits.
- Park staff was allowed to collect and deposit permit fees, and there were no procedures for the centralized collection, recording, depositing, and reporting of permit revenues. Therefore, there is inadequate assurance that all fees collected were deposited and properly accounted for.
- There was a variance between the permit records at MSSF and the Town of Plymouth Tax Assessor's Office. Specifically, the Assessor's records indicated that there were 12 additional permits issued at MSSF than the records DCR made available to us.

In addition, DCR has no record of when a cottage permit was initially issued to a permit holder, but acknowledge that families have held individual permits for decades. A review of 2004 tax records at the Tax Assessor's office in Plymouth Town Hall indicates cottage ownership since 1997 (older assessment records were in storage). Moreover, an analysis of the assessment records indicates that, of the 146 permits issued for cottages within MSSF, 122 permits have been issued to the same individuals since 1997. These records also indicate that 17 of the permits held by a family member were conveyed to a different member of the family during this period. The tax records also indicate that nine of the 122 permit holders reside out of state, and that one individual holds two permits on College Pond and has been allowed to make partial payments on the two permit fees.

A review of the campsite permits at MSSF, Lake Ashmere, and Peddocks Island identified a lack of consistency and fairness among the various regional permit holders and the need for immediate change. Permit rates and duration conditions were not consistently applied by DEM, MDC, and DCR. Therefore, the public's right to these resources to ensure public access and to maintain safe and sanitary facilities were clearly not protected.

Recommendation

DCR should develop an internal control plan based on an assessment of financial and programmatic risks. In addition, DCR should develop formal, written policies and procedures over its operations, including the following:

- Revenue collection, processing, recording, and reporting

- Annual fee setting that is adequate, reasonable, and in accordance with applicable laws, rules, and regulations
- Accounts receivable billing and collection
- Permit issuance, which would include provisions to issue permits in a fair and equitable manner so that squatters and their families are not the only ones that can obtain a permit
- Program monitoring of land use to ensure that permit holders are in compliance with the provision of the permit and applicable laws, rules, and regulations

In addition, DCR should require the full payment of the permit fee before allowing access and occupancy of a permitted cottage and should revise the current application requirement that permit fees and water testing results be submitted by June 30.

Auditee's Response

In the area of management controls and creating consistencies, in 2005 DCR has already implemented the following:

- *DCR has consolidated all cottage programs for the permitting of seasonal campsite structures into one, developed a consistent permit, and centralized program management under DCR's Bureau of Special Services and Events in the Boston office. In standardizing the program, DCR issued one customized, annual permit that serves all three parks, and which establishes consistent permit terms and conditions that support the conservation and recreation mission of DCR. This year, annual permits were issued to each cottage owner on April 11, 2005.*
- *Staff now uses one database to maintain records on seasonal campsite structure (or cottage) ownership, and manage the issuance of permits and return of executed permits.*
- *DCR has eliminated all administrative duties for the program from park staff, thereby allowing park staff to better monitor cottage permit compliance in the field. This change allows park staff more time to enforce the permit terms and improve field oversight of the program. The administrative tasks are now placed with DCR's Bureau of Special Services and Events.*
- *Beginning in 2006, DCR will issue the annual permits in January of each year, rather than March, thereby allowing sufficient time for receiving and recording payments prior to typical April occupancies. Occupancy will not be allowed unless full payment is made.*
- *DCR has eliminated fee collection duties from park staff. Permit fees must now be transmitted directly by permittees to the Boston office. We believe this improves internal controls over revenue management and proper crediting and timely deposit of funds. This year, DCR's Office of Finance issued annual invoices to each cottage owner and is responsible for revenue reporting and collection. These invoices were integrated directly into the Commonwealth's Billing and Accounts Receivable System, currently known as MMARS Accounts Receivables and often referred to as BARS, a sub-system of the Massachusetts Management Accounting and Reporting System (MMARS). As a result of this*

step, additional tools for collection of unpaid balances are now available to DCR, including use of debt collection services under a Statewide Master Service Agreement established by the Office of the State Comptroller (OSC) and the availability of OSC's payment intercept process for recovering applicable delinquent balances, if any. As mentioned, DCR's Office of Finance issued invoices for 2005 permit fees on April 11, 2005. Moving forward, DCR will manage finances from a centralized location, with a goal of collecting all fees due DCR within 30 days of the invoice date, with accurate reporting, and maintaining proper records.

- *DCR has made clear in the new permit that generally, commencing in 2006 no transfer of the permit for the privilege to use and occupy such a campsite to a new owner of the cottage structure will be allowed by DCR. Generally, during 2005, transfers will only be allowed to an individual, bona-fide purchaser for value (not trust, corporation or other legal entity), and only in the event that DCR has not exercised the right of first refusal. DCR believes that this requirement respects the historic nature of the cottage program and the private ownership of the structure, while respecting and furthering the public's use and access to this public parkland.*

Also, DCR indicated that it (1) created a centralized billing and collection model, (2) requires permit holders' payments to be submitted with a signed permit, (3) records payments upon receipt in accordance with MMARS, (4) makes daily deposits of receipts, and (5) reconciles deposits and accounting entries to bank statements, including accounts receivables.

Auditor's Reply

DCR should continuously monitor the collection, processing, recording, and reporting of permit revenue to ensure compliance with the OSC's policies and procedures, as well as its own policies and procedures. DCR should also enforce the permit's language concerning the transfer of permit ownership.