



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

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NO. 2011-0276-3R

**INDEPENDENT STATE AUDITOR'S REPORT ON
THE DEPARTMENT OF CONSERVATION AND
RECREATION'S
USE OF AMERICAN RECOVERY AND
REINVESTMENT ACT FUNDS
JULY 1, 2009 THROUGH NOVEMBER 30, 2010**

**OFFICIAL AUDIT
REPORT
MARCH 1, 2011**



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March 1, 2011

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Edward M. Lambert, Jr., Commissioner
Department of Conservation and Recreation
251 Causeway Street, Suite 900
Boston, Massachusetts 02114

Dear Commissioner Lambert:

Enclosed is an audit report for your review. This audit of the Department of Conservation and Recreation covers the audit period July 1, 2009 through November 30, 2010. This is one of a number of audits commenced and largely completed during the tenure of my predecessor, State Auditor A. Joseph DeNucci. Should you desire more information relative to this audit, please contact me.

I look forward to fostering a cooperative relationship between our respective offices. If my staff or I may be of assistance at any time, please do not hesitate to call upon us. I know we both share the goal of making government work better.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne M. Bump".

Suzanne M. Bump
Auditor of the Commonwealth

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The Department of Conservation and Recreation (DCR), within the Executive Office of Energy and Environmental Affairs (EOEEA), is steward of one of the largest state park systems in the country, with 450,000 acres of forests, parks, greenways, historic sites and landscapes, seashores, lakes, ponds, reservoirs, and watersheds. The mission of the DCR is “to protect, promote and enhance our common wealth of natural, cultural and recreational resources.”

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we conducted a review of funds provided DCR (through EOEEA) from the American Recovery and Reinvestment Act (ARRA) of 2009 for the period July 1, 2009 through November 30, 2010. The objectives of our audit were to review DCR’s controls over monitoring and use of ARRA funds received and expended.

Our tests of these controls disclosed no material weaknesses. Based on our review, we have concluded that during the period July 1, 2009 through November 30, 2010, DCR used ARRA funds for the intended purposes, maintained adequate management controls, and complied with applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

In order to accomplish its mission “to protect, promote and enhance our common wealth of natural, cultural, and recreational resources,” the Department of Conservation and Recreation (DCR) has been organized into four divisions, as follows:

The Division of State Parks and Recreation maintains nearly 300,000 acres of the state's forests, beaches, mountains, ponds, riverbanks, trails, and parks outside of the Greater Boston area. The Division protects land and resources on privately and municipally held land through technical assistance, grant and planning programs, policy development, and other services. The Division of Urban Parks and Recreation has broad management responsibilities for the preservation, maintenance, and enhancement of the natural, scenic, historic, and aesthetic qualities of the environment within the Greater Boston area. The Division of Water Supply Protection manages and protects the drinking water supply watersheds for Greater Boston. The Division provides technical support to other state agencies, monitors lakes and ponds, well drillers, and rainfall throughout the state. Planning and Engineering provides professional planning, engineering, design and construction management services in support of DCR's state parks and forests, urban parks and reservations, and water supply divisions.

During our audit period, DCR was awarded \$7,202,000 in ARRA funds and expended \$2,440,513, as follows:

	<u>Award</u>	<u>Expended</u>
<p>SEMA Hazardous Fuels Mitigation and Ecosystem Restoration</p> <p>These funds are to be used to conduct hazardous fuel reduction on DCR lands in Southeastern Massachusetts. The treatments will lower fuel arrangement and reduce fuel loading within prescribed burn treatment units. By doing so, subsequent prescribed burns are made more safe and effective, expediting ecosystem restoration and making the hazard fuel reduction more long lasting. The grant period ends June 30, 2011; it is anticipated that all funds will be expended.</p>	\$1,974,000	\$869,662
<p>Massachusetts Native Species (Invasive Species Control)</p> <p>These funds will be used for the hiring and training of three individuals who will be employed as tree climbers to assist in the survey activities. The grant period ends June 30, 2011, and it is anticipated that all funds will be expended.</p>	\$538,000	\$152,932
<p>The Asian Long-Horned Beetle Area (ALB) Watershed Health and Ecological Grant for Massachusetts</p> <p>Funds are intended to restore the forest canopy of the communities of Worcester, Shrewsbury, Boylston, West Boylston, and Holden affected by the large-scale removal of trees as part of the ALB eradication program. The program anticipates the planting of 15,000</p>	\$4,487,000	\$1,215,701

trees within the removal zones of the ALB eradication program. The grant ends on November 23, 2011. To date 3,000 trees out of the authorized 15,000 have been planted; therefore, the DCR is reviewing all of its options for the completion of this project, including the consideration of a request for an extension to June 30, 2012.

ARRA Port Security Grant Program New Bedford Pier Security	\$203,000	\$202,218
Funds used to upgrade dockage capabilities at the state-owned New Bedford Pier.		
Total	<u>\$7,202,000</u>	<u>\$2,440,513</u>

The ARRA expenditures are categorized as follows:

Payroll	\$643,511
Fringe Benefit Cost Recoupment	161,988
Indirect Cost Recoupment	184,482
Upgrade Dockage - New Bedford Pier	202,218
Trees, Tools, and Supplies	356,860
Snow Removal and Groundskeeping	237,330
Grants to Non-Public Entities	262,068
Lawn, Grounds, and Motorized Equipment	109,342
Contracted Seasonal Employees	212,448
Other Costs	<u>70,266</u>
Total	<u>\$2,440,513</u>

According to DCR officials ARRA spending created 72 new seasonal jobs and saved four full-time jobs.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Department of Conservation and Recreation (DCR) for the period July 1, 2009 through November 30, 2010. The objectives of our audit were to review DCR's internal controls over monitoring of ARRA expenditures to determine whether these funds were expended for their intended purposes. Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audit tests and procedures as we considered necessary in the circumstances.

To achieve our audit objectives, we conducted the following audit procedures:

- Tested payroll expenses by reviewing the time sheets for 30 employees, (\$127,206) for accuracy and supervisory review to ensure compliance with applicable Massachusetts laws, rules, and regulations.
- Verified the applicable fringe benefit rate that the Commonwealth is allowed to charge federal grants and verified that it was applied correctly to payroll expenditures.
- Tested vendor payments totaling \$293,669 for compliance with both Commonwealth and ARRA regulations.
- Reviewed internal controls over ARRA funds to ensure the proper segregation of duties and accounting of the receipts.

Our tests in the above-mentioned areas disclosed no material weaknesses. Based on our review, we have concluded that, during the period July 1, 2009 through November 30, 2010, DCR maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.