



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9933

MEMORANDUM

TO: The Governing Board

FROM: 
Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: May 4, 2016

SUBJECT: **Agenda Item VII: Presentation of Annual Audit Report**

Staff Recommendation: That the Governing Board accept and file the financial statements and related audit report prepared by the accounting firm of Moss, Levy, and Hartzheim LLP.

Background: Attached are the financial statements and related audit report prepared by Moss, Levy and Hartzheim, for the year ending June 30, 2015. The financial statements represent management's assertions concerning the government's financial position, results of operation, and cash flows. The auditor's role is strictly limited to providing users of the financial statements with an independent basis for relying on management's assertions.

Consistent with prior years, the auditor's have issued an unqualified, or 'clean' opinion, which means they can state, without reservation, that the financial statements are fairly presented in conformity with general accepted accounting principles.

The audit reports one finding on how to continue the ongoing process improvements made by MRCA management over the past few years. Management agrees with the improvement opportunities suggested by the auditors and will continue to adapt processes and procedures to enhance those opportunities.

Representatives from Moss, Levy, and Hartzheim will be at attendance at this meeting and will present a short presentation on the audit report. They will also be available to answer any questions the Board members or members of the public may have on the report.

2015-01 Finding— Lack of internal control over cash receipts:

During the review of internal control, we noted a lack of internal control and oversight over cash receipts in two areas:

1. Iron Ranger parking permit stations.
2. Facility reservation and rentals at offsite locations.

It was noted that there was no currently feasible way to review or reconcile cash remitted from Iron Ranger stations and compare it to amounts deposited in the Iron Ranger stations. It was also noted that each offsite location that offers facility rentals and reservations handles all aspects of the process with no oversight from the finance department.

Effect:

Proper internal control dictates that management should have sufficient oversight and control over cash receipts, whether they are for parking permits or facility rentals, to allow for proper review and reconciliation of amounts remitted compared to amounts collected at any and all offsite cash collection points. A lack of internal control and oversight over such receipts could result in misappropriation of funds that could go undetected by management.

Recommendation:

We recommend that policies and procedures be implemented that allows for additional review and reconciliation of all cash receipts collected at offsite locations.

Management's Response:

We are continuing to implement processes in response to these concerns. In FY 14/15, 64% of iron ranger collections were discontinued in favor of other revenues. A credit card machine will be installed at an additional site during FY 15/16, further reducing iron ranger collections by 18%. In December, 2015, electronic deposits began at an additional site, with a third site to be converted to electronic deposits shortly. In addition, during FY 15-16, we implemented sequentially numbered permits for tracking of facility rentals and reservations. In addition, during FY 15-16, MRCA implemented sequentially numbered permits to facilitate finance

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department tracking of facility rentals and reservations.