

INTERNAL AUDIT REPORT

2015-08

Anchorage Memorial Park Cemetery Follow-up

Department of Health and Human Services

October 1, 2015

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Municipality of Anchorage

Ethan Berkowitz, Mayor

Internal Audit Department

October 1, 2015

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2015-08; Anchorage Memorial Park Cemetery Follow-up; Department of Health and Human Services**. A brief summary of the report is presented below.

In accordance with the 2015 Audit Plan, we have completed a follow-up audit of the Anchorage Memorial Park Cemetery at the Department of Health and Human Services. The objective of this follow-up audit was to determine the effectiveness of corrective actions taken by the Anchorage Memorial Park Cemetery on the deficiencies contained in Internal Audit Report 2009-06. Specifically, we evaluated provisions in the Revocable Use Permits and procedures for grave site reservations and cancelations. We also tested fees collected for Anchorage Memorial Park Cemetery services performed and maintenance charges billed to the private tract owners and the Revocable Use Permit holders. Finally, we assessed the accuracy of fixed asset records and the adequacy of cash control procedures.

Based on our review, it is our opinion that the Department of Health and Human Services' action taken in response to the 2009 audit report improved some of the identified issues. Our follow-up audit revealed that action taken by Anchorage Memorial Park Cemetery personnel was effective for 2 of 7 deficiencies and partially effective for 5 of 7 deficiencies. We found that further management action is still required. Specifically, inconsistencies between Anchorage Municipal Code and actual practice were identified regarding the recertification of grave site reservations. In addition, the Anchorage Memorial Park Cemetery fee schedule in Anchorage Municipal Code 25.60.065 still did not include all of the fees currently charged and the current method to calculate maintenance charges for tract owners did not reflect documented procedures written in 1999. Moreover, fixed asset records were not accurate and staff did not follow proper cash handling procedures. Finally, Revocable Use Permits were not always administered properly and imposed different financial obligations.

There were seven follow-up findings and two new findings in connection with this audit. The Department of Health and Human Services was responsive to the findings and recommendations.

Michael Chadwick, CICA
Acting Director, Internal Audit



Municipality of Anchorage

Ethan Berkowitz, Mayor

Internal Audit Department

October 1, 2015

Internal Audit Report 2015-08
Anchorage Memorial Park Cemetery Follow-up
Department of Health and Human Services

Introduction. In 2009 we performed an audit of the Anchorage Memorial Park Cemetery (Cemetery) and issued Internal Audit Report 2009-06 dated April 16, 2009. We have performed a follow-up audit to assess the effectiveness of corrective action. This report contains the results of our follow-up audit.

The Cemetery was originally established in 1915 as the Cemetery Reserve by President Woodrow Wilson. In 1918, President Wilson directed that burial land be made available to the public without charge. He also ordered that the Cemetery Reserve be subdivided to sell up to half of the Cemetery land to qualified religious and fraternal organizations. The total area of the Cemetery is 22 acres. Today, nine tracts of the Cemetery (less than half of the Cemetery land) are owned by six religious or fraternal organizations (private tract owners). The rest of the Cemetery consists of 13 public tracts. Two religious organizations lease some land under Revocable Use Permits (Permit) in the public tracts. Further, the columbarium wall, made available to the public in 2003, contains 3,861 niches.

In 2004, the Department of Health and Human Services was designated as the managing agency of the Cemetery and is responsible for the operation and maintenance of the Cemetery, both public and private tracts. A full-time Cemetery Director, with assistance from a part-time seasonal employee, operates the Cemetery with most of the grounds work performed through a maintenance and burial service contract.

Objective and Scope. The objective of this follow-up audit was to determine the effectiveness of corrective actions taken by the Cemetery on the deficiencies contained in Internal Audit Report 2009-06. Specifically, we evaluated provisions in the Permits and procedures for grave site reservations and cancelations. We also tested fees collected for Cemetery services performed and maintenance charges

billed to the private tract owners and the Permit holders. Finally, we assessed the accuracy of fixed asset records and the adequacy of cash control procedures.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of June 2015 through August 2015. The audit was requested by the Administration.

Overall Evaluation. Management action taken in response to the 2009 audit report improved some of the identified issues. Our follow-up audit revealed that action taken by Cemetery personnel was effective for 2 of 7 deficiencies and partially effective for 5 of 7 deficiencies. We found that further management action is still required. Specifically, inconsistencies between Anchorage Municipal Code (AMC) and actual practice were identified regarding the recertification of grave site reservations. In addition, the Cemetery fee schedule in AMC 25.60.065 still did not include all of the fees currently charged and the current method to calculate maintenance charges for tract owners did not reflect documented procedures written in 1999. Moreover, fixed asset records were not accurate and staff did not follow proper cash handling procedures. Finally, Permits were not always administered properly and imposed different financial obligations.

AUDIT FINDINGS FOLLOW-UP

1. **Prior Finding: Grave Site Reservations Not Administered Consistently.**

- a. **Corrective Action.** Although some issues regarding reservations from our prior audit report were addressed, inconsistencies between AMC and actual practice were identified regarding the recertification of grave site reservations. Anchorage Municipal Code 25.60.050, *Reservations, use and disinterment of burial sites*, states that reservations of burial sites "...shall be accomplished only upon the issuance of an

appropriate permit by the cemetery director” for a one-time reservation fee of \$150 per site which must be renewed at five-year intervals at no extra charge. During the course of this current audit, additional information and understanding was provided. As a result, some of the prior audit findings have been addressed.

During our prior audit, we found that cemetery staff recertified reservations based on delivery confirmation of a certified letter, not a positive reply as required by AMC. This practice was discontinued and a positive reply is now obtained. However, Cemetery staff now only sends certified letters when reservation holders cannot be reached by phone or regular mail. Anchorage Municipal Code 25.60.050, *Reservations, use and disinterment of burial sites*, states that “The cemetery will send a certified letter to each reservation holder which must elicit a positive reply.” According to the Cemetery Director, sending certified letters to each reservation holder is costly and impractical.

- b. **Evaluation of Corrective Action.** Partially Effective.
- c. **Recommendation.** The Cemetery Director should ensure that renewal of grave site reservations complies with AMC 25.60.050. If the Cemetery Director identifies a more efficient method to confirm reservations, he should consider revising AMC.
- d. **Management Comments.** Management stated, “Management concurs. The Cemetery Director will work with municipal departments to recommend improved efficiencies regarding confirmation of reservations within the cemetery.”
- e. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. Prior Finding: Perpetual Maintenance Fund Criteria Outdated.

- a. **Corrective Action.** Perpetual maintenance fund criteria were updated. In 2009, AMC 25.60.100, *Cemetery perpetual maintenance non-expendable trust fund*, was revised to include perpetual maintenance of the columbarium wall and clarified that the perpetual maintenance fund can be used when the cemetery reaches capacity in the public tracts for adult burials.
- b. **Evaluation of Corrective Action.** Effective.
- c. **Recommendation.** Not Required.

3. Prior Finding: Reservations of Columbarium Niches Not Codified.

- a. **Corrective Action.** Provisions in AMC for reserving a niche in the columbarium wall are no longer needed because the entire columbarium wall was made available to the public for purchase. No sections of the columbarium wall were allocated to private tract owners. Since columbarium wall reservations were not permitted, revisions to AMC 25.60.065, *Fees*, were not necessary.
- b. **Evaluation of Corrective Action.** Effective.
- c. **Recommendation.** Not Required.

4. Prior Finding: Cemetery Fee Schedule Not Current.

- a. **Corrective Action.** The Cemetery fee schedule in AMC 25.60.065 still did not include all of the fees currently charged. P&P 24-2, *Establishment and Revision of Municipal Fees*, requires Municipal agencies “. . . review the fees they administer and

potential new fees at least annually as part of the budget process.” Although fees noted in our prior audit report were addressed, we found other fees were not included in AMC. For example, a \$125 fee for a bronze niche emblem and a \$350 fee for a metal/ceramic photo were not included in the Cemetery fee schedule. In addition, the Cemetery’s fee schedule did not reflect the current fees charged for niches in the columbarium wall as shown below.

Service	Currently Charged	Currently in AMC
Niche, Single (1 Urn)	\$ 875.00	\$ 750.00
Niche, Companion (Up to 3 Urns)	\$1,750.00	\$1,500.00
Niche, Family (Up to 8 Urns)	\$2,916.00	\$2,500.00

Source: Cemetery website and AMC 25.60.065.

Finally, the current fees for niche refunds and niche upgrade options charged by the Cemetery did not match the Cemetery fee schedule in AMC 25.60.065. These fees were calculated as a percentage of the currently charged niche purchase options listed above.

- b. Evaluation of Corrective Action.** Partially Effective.
- c. Recommendation.** The Cemetery Director should revise the Cemetery fee schedule in AMC 25.60.065 to include all fees charged by the Cemetery and should review and update the Cemetery fee schedule to ensure that current fees are correct.
- d. Management Comments.** Management stated, “Management concurs. Management will review and recommend revisions to the cemetery fee schedule during the biennial review of the cemetery policies and procedures or as needed.”

- e. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.
5. **Prior Finding: Computation of Charges for Annual Maintenance Costs Not Consistent.**
- a. **Corrective Action.** The current method to calculate maintenance charges for tract owners did not reflect documented procedures written in 1999. For example, the documented procedures require multiplying the maintenance cost per grave by the total number of grave sites in a tract. However, the current practice is to multiply the maintenance cost per grave by the total number of unused grave sites in a tract.
 - b. **Evaluation of Corrective Action.** Partially Effective.
 - c. **Recommendation.** The Cemetery Director should ensure that the computation for annual maintenance charges complies with the written procedure or revise the procedure to reflect current practices.
 - d. **Management Comments.** Management stated, “Management concurs. Management will include revisions to the procedure in the policies and procedures manual to be in compliance with current municipal practices.”
 - e. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.
6. **Prior Finding: Cemetery Fixed Asset Records and Accountability Could Be Improved.**
- a. **Corrective Action Finding.** Although some improvements were made in the Cemetery’s fixed asset records, they were still not accurate. Specifically, six assets totaling \$16,206 were transferred to other departments, disposed of, or stolen but

remained on the Cemetery's fixed asset listing at the time of our audit. For example, a \$6,075 John Deere riding mower was destroyed by fire in July 2012 and disposed of at the landfill in November 2012, but was still listed on the Cemetery's fixed asset records. Policy and Procedure (P&P) 24-14, *Fixed Asset and Infrastructure Accountability*, states "All fixed asset entries/updates must be completed in the fiscal quarter when the activity occurred."

- b. **Evaluation of Corrective Action.** Partially Effective.
- c. **Recommendation.** The Fixed Asset Custodian for the Department of Health and Human Services should ensure that fixed asset records are updated as required by P&P 24-13.
- d. **Management Comments.** Management stated, "Management concurs. Fixed asset records have been updated."
- e. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

7. **Prior Finding: Cash Handling Procedures Not in Compliance with P&P 24-1.**

- a. **Corrective Action Finding.** Cemetery staff still did not follow proper cash handling procedures. Although the Cemetery Director obtained a safe, cash receipts were not deposited on a daily basis and the Cemetery still did not have a cash register. P&P 24-1, *Collecting, Securing, Depositing and Reporting Cash*, requires depositing cash on a daily basis and utilizing a cash register. To address these prior audit findings, the Cemetery Director sent a request to the Chief Fiscal Officer asking for a waiver from the requirement to use a cash register. However, the Cemetery Director never received a response.

- b. **Evaluation of Corrective Action.** Partially Effective.
- c. **Recommendation.** The Cemetery Director should ensure that the requirements of P&P 24-1 are followed. All cash should be deposited daily and the Cemetery should use a cash register unless written approval is obtained from the Chief Fiscal Officer exempting the Cemetery from these two requirements.
- d. **Management Comments.** Management stated, “Management concurs. Management will address and resolve the finding regarding proper cash handling procedures.”
- e. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

NEW FINDINGS AND RECOMMENDATIONS

1. **Revocable Use Permits Not Always Administered Properly.**

- a. **Finding.** Permits were not always administered properly. Currently, the Cemetery has two Permits. The Permits should be renewed at five-year intervals for a \$100 renewal fee and approved by the Municipality. However, we found the following:
 - The Permit of one religious organization expired December 31, 2014, and was not renewed as of June 30, 2015. Accordingly, the renewal fee was not collected.
 - Both Permits were not signed by the Municipal representative upon the last renewal.

- b. **Recommendation.** The Cemetery Director should ensure that the Permit renewals are executed timely and signed by the Municipal representative.
- c. **Management Comments.** Management stated, “Management concurs. The Cemetery Director will establish and maintain compliance with permit renewals.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Revocable Use Permits May Need Revision.**

- a. **Finding.** Permits granted to two religious organizations provided the same right, permission, and authority to use burial grounds but imposed different financial obligations. According to P&P 24-2, “It is the policy of the Municipality to establish and maintain fees which are fair and equitable to service users and taxpayers.” Specifically, we found the following:
 - The Permit of one religious organization required them to “. . . provide all revenues received as a result of grave opening/closing, **reservations** (emphasis added) and all other sources directly to PERMITTER within thirty days of receipt of said bill.”
 - The Permit for a different religious organization exempted them from submitting reservation fees to the Municipality. The Permit requires them to provide any and all revenues “. . . including grave opening and grave closing fees, directly to the MUNICIPALITY within thirty days of receipt thereof. Gravesite **reservation fees are excluded** (emphasis added) from this requirement.”

Furthermore, both Permits contained an additional provision (Provision 5) that covered additional property and offered the religions organizations “. . . the opportunity to acquire the defined area at a later date.” However, as surrounding public areas fill up, pressure has increased for the general public to use the land covered by Provision 5 of both Permits. Finally, it is unclear who should pay for the maintenance of this land. Currently, the religions organizations pay for maintenance of the land covered by the main provision (Provision 1), but the Municipality pays for the maintenance of the land covered by Provision 5 of both Permits.

- b. **Recommendation.** The Cemetery Director should consider revising the Permits to ensure that they do not impose different financial obligations. In addition, the Cemetery Director should consider clarifying the use and maintenance of additional land that may be acquired at a later date as stated in Provision 5 of both Permits.

- c. **Management Comments.** Management stated, “Management concurs. The Cemetery Director will clarify the terms of the revocable use permit to ensure all permits are equitable.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on September 1, 2015.

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