

April 16, 2009

Internal Audit Report 2009-06
Anchorage Memorial Park Cemetery
Department of Health and Human Services

Introduction. The Anchorage Memorial Park Cemetery (Cemetery) was originally established in 1915 as the Cemetery Reserve by President Woodrow Wilson in Executive Order 2242, coincident with the federal survey of the original Anchorage town site. Then, in 1918, Executive Order 2836 was issued directing that one-half of the cemetery land could be sold to private religious/fraternal organizations and that burial land would be made available to the public without charge. The total area of the Cemetery is approximately 22.24 acres consisting of 10 private tracts, 10 public tracts and two new areas added in 1991 from the cemetery reserve. In addition, in 2003 the columbarium wall was dedicated containing 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 operates the Cemetery with most of the ground work performed through a maintenance and burial service contract.

Objective and Scope. The objective of this audit was to perform a management review of the Cemetery's operations. Specifically, we evaluated procedures for grave site reservations, evaluated the provisions for the Perpetual Maintenance Non-Expendable Trust Fund (Perpetual Maintenance Fund), reviewed fees charged by the Cemetery, and reviewed procedures for billing maintenance costs to private tract holders. We also tested fixed asset records and reviewed cash control procedures. Accordingly, the audit included tests of records and such other procedures as we considered necessary in the circumstances. The audit was performed during the period of December

2008 through February 2009. The audit was requested by the Administration.

Overall Evaluation. Cemetery operations could be improved. For example, grave site reservations were not administered consistently and code requirements establishing the Cemetery Perpetual Maintenance Fund may need revision. In addition, AMC contains no provisions for reserving a niche in the columbarium wall and the Cemetery fee schedule contained in AMC does not include all of the fees currently charged. Finally, bills for annual maintenance costs for private tract owners were not consistently computed, fixed asset records were not accurate, and proper cash handling procedures were not followed by Cemetery staff.

FINDINGS AND RECOMMENDATIONS

1. Grave Site Reservations Not Administered Consistently.

- a. **Finding.** Grave site reservations were not administered consistently. 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. According to AMC, a reservation is considered a lifetime easement guaranteeing exclusive use. The Cemetery is required to send a certified letter to each reservation holder requiring a positive reply to continue the reservation. However, we found the following questionable practices:

- One group was given reservations for 160 grave sites based on a verbal agreement without a fee.
- Two groups were given a five year land use permit for 458 and 180 grave sites, respectively, for a total of \$100 for each group.
- Two other groups were given reservations of 72 and 112 grave sites respectively for the correct price of \$150 per site, according to the

reservation log. However, Cemetery staff could only locate documentation for 57 and 111 grave site reservations.

- Cemetery staff was re-certifying reservations based on delivery confirmation of a certified letter, not a positive reply as required by AMC.

b. **Recommendation.** The Cemetery Director should ensure that grave site reservations are in compliance with AMC requirements and that reservations are made equitably to all citizens.

c. **Management Comments.** Management stated, “Concur. The Cemetery Director will review the current reservation process to ensure it continues to be administered fairly. Code revisions may be needed after review to achieve balance between individual/group reservations and revocable use permit holders.”

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

2. **Perpetual Maintenance Fund Criteria Outdated.**

a. **Finding.** Anchorage Municipal Code 25.60.100, *Cemetery perpetual maintenance non-expendable trust fund*, establishing the Cemetery Perpetual Maintenance Fund may need revision. The fund was established in 1997 as a non-expendable trust to provide funding for Cemetery maintenance after all gravesites are used and user revenue ceases. According to AMC, perpetual maintenance is defined as maintenance and preservation of all grave lots and cemetery grounds to include the cutting of grass, the raking and cleaning of grave lots and grounds, the periodic pruning of trees and shrubs, and attending to the general care so the property remains reasonably cared for as cemetery grounds forever. The Cemetery deposits \$50 from each burial and sale of each columbarium niche into the Perpetual Maintenance Fund which had a balance of \$352,673 at the end of 2008.

According to the data provided by the Cemetery Director, it will be about 25 years before the last public grave site is used and about 590 years before the last private tract grave site is used. In addition, there is no mention of maintenance of the columbarium wall in AMC 25.60.100 even though the Cemetery's columbarium wall brochure states that the purchase price includes perpetual maintenance of the wall and \$50 is deposited into the fund from sales of the niches.

- b. **Recommendation.** The Cemetery Director should review and evaluate AMC provisions for the Perpetual Maintenance Fund to determine if they still meet the original intent.
- c. **Management Comments.** Management stated, "Concur. The Cemetery Director will review and evaluate potential code revisions. Any changes will include columbarium wall niche sales and maintenance of the columbarium wall."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Reservations of Columbarium Niches Not Codified.**

- a. **Finding.** There are no provisions in AMC for reserving a niche in the columbarium wall. According to AMC 25.60.065, *Fees*, niches can only be purchased. However, the Cemetery Director allocated a 10 foot section of the wall to each private tract owner for each private tract they own. Providing blocks of niches to private tract owners may be consistent with the concept of private tracts for designated groups; however, there is no provision for this arrangement in AMC.
- b. **Recommendation.** The Cemetery Director should consider revising AMC 25.60 to provide for reserving or allocating sections of the columbarium wall. Otherwise, AMC 25.60.065 should be adhered to.
- c. **Management Comments.** Management stated, "Concur. The Cemetery Director

will evaluate and consider code revisions to more accurately and fairly administer the sections of the columbarium wall currently held by the Tractowners.”

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

4. **Cemetery Fee Schedule Not Current.**

- a. **Finding.** The Cemetery fee schedule contained in AMC 25.60.065 does not include all of the fees currently charged. In 2008, the Anchorage Memorial Park Cemetery Advisory Commission implemented a \$150 fee for insulating grave sites reserved by religious organizations. Grave sites are insulated in the fall to facilitate winter burials for those organizations whose burial traditions require it. However, this fee has not been included in the Cemetery fee schedule. In addition, the Cemetery’s fee schedule does not reflect the current fees charged for niches in the columbarium wall. This fee is adjusted automatically every April based on the yearly percent change in the Anchorage, Alaska Consumer Price Index as required by AMC 25.60.058, *Columbarium*, and currently is higher than the fee listed in AMC.
- b. **Recommendation.** The Cemetery Director should revise the Cemetery fee schedule in AMC 25.60.065 to include all fees charged by the Cemetery.
- c. **Management Comments.** Management stated, “Concur. Code revisions will be initiated to include all possible fees charged by the cemetery. Review and update of the fee schedule will be done by the Cemetery Director.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

5. **Computation of Charges for Annual Maintenance Costs Not Consistent.**

- a. **Finding.** The charges for annual maintenance costs for private tract owners were not computed consistently from 2000 to 2008. Cemetery staff computes a running five-

year maintenance cost per grave site so private tract owners can be billed for their share. The number of grave sites used in this computation ranged from 5,897 to 6,789 during the period. However, our review of the private tract billing statements revealed the number of grave sites used to bill the private tract owners ranged from 6,111 to 6,789.

- b. **Recommendation.** The Cemetery Director should ensure that the computation for annual maintenance costs and billing contain accurate and consistent data.
- c. **Management Comments.** Management stated, “Concur. The Cemetery Director will collect and analyze the most current data available to ensure Tractowner billing is accurate and done consistently going forward.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

6. **Cemetery Fixed Asset Records and Accountability Could be Improved.**

- a. **Finding.** Fixed asset records for the Cemetery were not accurate. Our inventory of Cemetery fixed assets revealed numerous errors. We found items on hand that were not on the fixed asset records. Conversely, we could not find numerous items that were on the fixed asset records. Some of these assets had been purchased by the Department of Health and Human Services with Cemetery funds and were located at the Department of Health and Human Services. In addition, we found that 39 out of 65 (65%) of fixed assets inventoried did not have a Municipal fixed asset tag affixed.
- b. **Recommendation.** The Fixed Asset Custodian for the Health and Human Services Department should comply with the requirements of Policy and Procedure (P&P) 24-13, *Fixed Asset and Infrastructure Accountability*. Fixed asset records should be updated to correspond with the annual physical inventory of fixed assets and all reportable and non-reportable assets should be tagged with a bar-coded tag obtained from the Fixed Asset Accountant. Finally, all missing assets should be investigated

to identify whether they were stolen or misappropriated.

- c. **Management Comments.** Management stated, “Concur. However, the fixed asset custodian does comply with P&P 24-13. Cemetery assets are tagged after purchase and inventoried annually to maintain accountability. Municipal tags may not be physically present due to (a) tag has fallen off the equipment during its use, but asset is contained in records and accounted for annually, (b) some tags are not placed on the actual asset for different reasons, but are placed on a listing in the cemetery office, (c) the purchase price of similar assets fell below the \$100 value established in 2004 creating the possible scenario where one item is tagged as an asset but its counterpart is not. The 2008 fixed asset inventory conducted by the department accounted for all equipment. The department has requested additional information from the Auditor’s office regarding the fixed asset records they reviewed so any missing information can be identified.”
- d. **Evaluation of Management Comments.** Management comments were generally responsive to the audit finding and recommendation. Although a 2008 fixed asset inventory was conducted by management, we found during testing that the Cemetery’s inventory records were inaccurate. It is management’s responsibility to ensure fixed assets are properly accounted for and tagged.

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

- a. **Finding.** Cemetery staff did not follow proper cash handling procedures. Specifically, cash receipts were not deposited on a daily basis. Further, all cash collected was stored in a locked desk drawer for up to three weeks until it was deposited because the Cemetery did not have a cash register and safe. P&P 24-1, *Collecting, Securing, Depositing and Reporting Cash*, requires that cash received is immediately secured, accounted for, and deposited on a daily basis. In addition, all agencies receiving cash for Municipal services must use a cash register, unless

exempted by Treasury, and must use a fireproof combination lock safe to secure funds during non-working hours.

- b. **Recommendation.** The Cemetery Director should ensure that the requirements of P&P 24-1 are followed. All cash should be deposited daily unless written approval has been obtained from the Chief Fiscal Officer for less frequent deposits. In addition, the Cemetery should use a cash register, unless exempted by Treasury, and must use a fireproof combination lock safe to secure funds during non-working hours. If Treasury determines that use of a cash register would not be feasible or cost effective then a locked cash box must be used.
- c. **Management Comments.** Management stated, “Concur. The Cemetery Director will continue to follow policies regarding cash handling and deposits. A waiver will be requested from Treasury regarding the requirement for the use of a cash register in the cemetery office. The Cemetery Director has researched and purchased a safe that meets the requirements of P&P 24-1 to secure funds prior to deposit.”
- 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 March 11, 2009.

Audit Staff:
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