

**State of Washington  
 Status of Audit Resolution  
 December 2017**

**Department of Natural Resources**

**Agency 490**

| <b>Audit Report</b> | <b>Finding Number</b> | <b>Finding and Corrective Action Plan</b> |   |
|---------------------|-----------------------|---|---|
| 1017809             | 2015-001              | Finding:                                  | The Department of Natural Resources did not establish adequate internal controls over its orchard and vineyard leases.  |
|                     |                       | Corrective Action:                        | <p>To address the auditor’s recommendations, the Department is taking the following corrective actions:</p> <ul style="list-style-type: none"> <li>• Revise the procedure related to orchard and vineyard leases to improve accountability on costs and production.</li> <li>• Develop a procedure for program staff to provide guidance on performing required field inspections for all Agriculture Program leases.</li> <li>• Continue to transition share-crop leases to cash leases.</li> <li>• Ensure Harvest Reports are submitted timely and entered into the Department’s data system. Reports will be generated on a regular basis to monitor compliance.</li> <li>• Provide training to staff on the updated and new program procedures, including field inspections, orchard and vineyard revenue reconciliations and lessee expense deductions.</li> <li>• Review the leases with unsupported expense deductions identified by the auditors and perform revenue reconciliation.</li> </ul> |
|                     |                       | Completion Date:                          | Corrective action is expected to be complete by December 2017   |
|                     |                       | Agency Contact:                           | <p>Jennifer Woods<br/>         Department Auditor<br/>         PO Box 47001<br/>         Olympia, WA 98504<br/>         (360) 902-1040<br/> <a href="mailto:Jennifer.woods@dnr.wa.gov">Jennifer.woods@dnr.wa.gov</a></p>  |