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Investigation and Audit of State Parks and Recreation Department Launched in Response to Budget Irregularities and Fiscal Mismanagement

Governor Accepts Resignation of Parks Director and Orders Resources Secretary to Conduct Sweeping Review of Parks Management

SACRAMENTO - At the request of Governor Edmund G. Brown Jr., the state Attorney General's Office is investigating the circumstances surrounding significant budgetary irregularities at the California Department of Parks and Recreation dating back to at least 2000. Governor Brown has also directed the state Department of Finance to conduct a comprehensive audit of Parks' fiscal controls and the California Natural Resources Agency Secretary John Laird to conduct a sweeping review of Parks' management.

A preliminary investigation into Parks' finances has revealed that for at least 12 years the department underreported tens of millions of dollars to the state Department of Finance. As a result, the Department of Finance was not aware that the State Parks and Recreation Fund and the Off Highway Vehicle Fund held \$20,378,000 and \$33,492,000 respectively above their official, most recently reported balances. The underreporting occurred over the course of two prior gubernatorial administrations.

"I welcome Governor Brown's swift action to address these hidden assets. We will get to the bottom of this situation and work with the Attorney General, the Legislature and the Department of Finance to make sure nothing like this ever happens again," said Secretary Laird. "We will also work with the Legislature to see how this money can be used to mitigate park closures."

Governor Brown has accepted the resignation of Parks Director Ruth Coleman. The department's acting chief deputy is also being removed from his position.

California Natural Resources Agency Undersecretary Janelle Beland has been appointed by Governor Brown as acting interim director of Parks. The Governor has directed her to promptly report to him and Secretary Laird on further actions that should be taken to ensure that the Department is being managed with honesty, accountability and transparency.

In addition to their audit of Parks, the Department of Finance is reviewing all special funds across state government to verify that departments have provided identical fiscal information to Finance and the Controller. The Department of Finance has also put new protocols in place to strengthen how special fund figures are verified and reconciled with data from the Controller and other sources.

The State Parks and Recreation Fund was established in 1979. Its sources of revenue are fees, rentals and returns collected for the use of any state park system area. It can be used for resource management and protection, planning, acquisition and development projects.

The Off-Highway Vehicle Trust Fund was established in 1971. Its sources of revenues are off-highway vehicle registration fees, transfer fees, penalties, fines and forfeitures. It can only be used for acquisitions, development, construction, maintenance, administration and conservation of areas for the use of off-highway motor vehicles.

The hidden assets were brought to light when new Parks fiscal staff began an internal review of accounts, following a separate investigation by the Attorney General over unauthorized vacation buy-outs.

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