

COMMONWEALTH OF PENNSYLVANIA



**BUREAU OF AUDITS**

**AGREED UPON PROCEDURES REPORT ON**

**PENNSYLVANIA DEPARTMENT OF CONSERVATION  
AND NATURAL RESOURCES**

**ATV MANAGEMENT RESTRICTED ACCOUNT  
SNOWMOBILE MANAGEMENT RESTRICTED ACCOUNT**

**For the Period**

**July 1, 2018 through June 30, 2020**

**ATV Management Restricted Account  
Snowmobile Management Restricted Account  
For the Period July 1, 2018 through June 30, 2020**

**TABLE OF CONTENTS**

	Page
BACKGROUND .....	1
INDEPENDENT ACCOUNTANT’S REPORT .....	2

**ATV Management Restricted Account  
Snowmobile Management Restricted Account  
For the Period July 1, 2018 through June 30, 2020**

**BACKGROUND**

In accordance with Title 75 (Vehicles), Pennsylvania (PA) Consolidated Statutes (C.S.) Chapter 77 as amended, snowmobiles and All-Terrain Vehicles (ATVs) operated in Pennsylvania, with limited exceptions, must be registered and titled with the Pennsylvania Department of Conservation and Natural Resources (DCNR). Until September 2016, all registration fees, titling fees, and receipts from fines and penalties were placed in the Snowmobile and All-Terrain Vehicle (ATV) Restricted Revenue Fund.

Pennsylvania Senate Bill 648 (July 20, 2016), which became effective on September 18, 2016, amended Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes. The Bill created two separate accounts from what was the combined Snowmobile and ATV Restricted Revenue Fund: the ATV Management Restricted Account and the Snowmobile Management Restricted Account. The Bill required that each new restricted account shall be audited every two years; copies of the audit report shall be provided to the Snowmobile and ATV Advisory Committee. To implement the Bill, beginning with the fiscal year ended June 30, 2017, DCNR annually will post a Statement of Revenues, Expenditures and Changes in Fund Balance (Statement) for the ATV account and for the Snowmobile account.

DCNR uses funds in each restricted account for performing activities necessary to carry out the purposes of Chapter 77. These activities include registering and titling vehicles, training, education, enforcement, construction and maintenance of snowmobile and ATV trails, and acquisition of equipment, supplies and interests in land. DCNR may also grant money from the restricted accounts to municipalities, non-profit organizations, and for-profit businesses for specific activities.

Title 75, PA C.S. Chapter 90 as amended, entitled DCNR to petition the Board of Finance and Revenue to refund annually up to a maximum of \$1 million of the tax imposed for the fuel consumed in the operation of motorized recreational vehicles. Beginning in September 2016, these funds were deposited in the ATV Management Restricted Account (\$850,000) and the Snowmobile Management Restricted Account (\$150,000), based on the relative activity for each account established by DCNR. For the fiscal year ended June 30, 2019, DCNR continued the allocation based on the 85/15 activity split. For the fiscal year ended June 30, 2020, DCNR applied an 87/13 split based on its calculations of relative activity at the beginning of the year. The Liquid Fuels Tax Refund is to be used by DCNR for the improvement of public roadways, highways and bridges that are also used by recreational vehicles.

Sales tax related to the purchase or service of ATV and snowmobiles often is submitted directly to DCNR. When sales or use tax is submitted directly to DCNR, the agency is responsible for remitting the tax to the PA Department of Revenue (DOR). As a licensed DOR agent, DCNR receives a refund if it remits taxes to DOR by the 20<sup>th</sup> of the following month. This refund is allocated to the restricted accounts based on the relative activity for each account established by DCNR.



Independent Accountant's Report on Applying Agreed-Upon Procedures

Honorable Cindy Adams Dunn  
Secretary  
Department of Conservation and Natural Resources  
Rachel Carson State Office Building  
400 Market Street, 7<sup>th</sup> Floor  
Harrisburg, PA 17105

We have performed the procedures enumerated below, which were agreed to by the Department of Conservation and Natural Resources (DCNR), in connection with the posted Statements of Revenues, Expenditures and Changes in Fund Balance (Statements) for the ATV Management Restricted Account and Snowmobile Management Restricted Account for the fiscal years ended June 30, 2019 and June 30, 2020. The procedures we performed were solely to assist DCNR in ensuring that revenues and expenditures were properly segregated and allocated between the ATV Management Restricted Account and the Snowmobile Management Restricted Account. DCNR's management is responsible for the Statements for the ATV Management Restricted Account and Snowmobile Management Restricted Account. The sufficiency of these procedures is solely the responsibility of DCNR. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and associated findings are as follows:

- a. Reconcile each posted Statement to the accounting records.

*No exceptions were found as a result of applying this procedure.*

- b. For each account, test a sample of revenues recorded in DCNR's SAMS (Snowmobile ATV Management System) to ensure they are properly supported and accurately posted to SAP.

*We selected and tested ten (10) credit card transactions (five for ATV and five for Snowmobile) and ten (10) check transactions (five for ATV and five for Snowmobile). To verify that the revenue transactions were supported, we reviewed documentation provided by the Snowmobile/ATV Licensing Section in the Pennsylvania Department of Transportation.*

*The revenues recorded in SAMS were properly supported and accurately posted to SAP.*

*No exceptions were found as a result of applying this procedure.*

**ATV Management Restricted Account  
Snowmobile Management Restricted Account  
For the Period July 1, 2018 through June 30, 2020**

- c. For each account, test a sample of expenditures to ensure they are supported, reasonable, accurate, and allowable to the account.

*We selected a sample of fifteen (15) expenditures for each account for the fiscal year ended June 30, 2019, and ten (10) expenditures for each account for the fiscal year ended June 30, 2020, for a total of fifty (50) expenditures. For the tested expenditures, we reviewed invoices, contracts, purchase orders, grant agreements, and manual/electronic approvals, as required.*

*The expenditures were supported, reasonable, accurate (included proper allocation, if applicable), and allowable to the account.*

*No exceptions were found as a result of applying this procedure.*

- d. For the ATV and Snowmobile accounts, DCNR applied percentage splits of 85/15 and 87/13, respectively, for the years ended June 30, 2019, and June 30, 2020, to allocate revenue from the Liquid Fuels refund and to charge administrative costs that benefit both accounts. For each fiscal year in the audit period, verify that DCNR correctly calculated the percentage split and applied it to the accounts.

*Senate Bill 648, which became effective on September 18, 2016, established separate ATV and Snowmobile accounts. In Fall 2016 (for the year ended June 30, 2017), DCNR set the proportional share of the Liquid Fuels refund (\$1,000,000 annually) at 85% for ATV and 15% for Snowmobile, based on the relative activity (revenue) that generated the gas taxes. DCNR also applied the 85/15 split to charge costs that benefited both accounts. DCNR's Fiscal Office continued to apply the 85/15 split during the years ended June 30, 2018, and June 30, 2019, since the relative activity in the prior years was within the variance it had established before requiring an adjustment. For this AUP, we calculated the relative activity and determined the 85/15 split was appropriate for the year ended June 30, 2019.*

*As stated in the procedure above, at the beginning of the year ended June 30, 2020, DCNR applied a percentage split of 87/13 to allocate revenue from the Liquid Fuels refund and to charge costs that benefited both accounts; this was based on the relative activity for the ATV and Snowmobile accounts for the year ended June 30, 2019. To calculate the relative activity for the year ended June 30, 2019, we compared the accounts' activity as reported on their posted Statements for the year ended June 30, 2019. We determined that at year's end the relative activity for ATV and Snowmobile was 86.89% and 13.11%. Accordingly, for the year ended June 30, 2020, DCNR correctly applied a percentage split of 87/13 to allocate revenue from the Liquid Fuels refund and to charge costs that benefited both accounts.*

**ATV Management Restricted Account  
Snowmobile Management Restricted Account  
For the Period July 1, 2018 through June 30, 2020**

*In our test of fifty (50) expenditures, we identified twelve costs that benefited both ATV and Snowmobile. For each of the twelve costs, the correct split was applied.*

*No exceptions were found as a result of applying this procedure.*

- e. For a selected month, document and evaluate the reconciliations performed for each account.

*We selected April 2019. We documented, in detail, the Fiscal Office's reconciliations in May 2019 for the prior month: Payeezy (Pennsylvania's contracted provider for credit card transactions) to SAMS, Payeezy with PNC Bank, and all revenue to SAP. DCNR's reconciliations for April 2019 are accurate and supported.*

*No exceptions were found as a result of applying this procedure.*

- f. For a selected month, obtain the Sales Tax Report for the prior month and ensure the Comptroller Operations' adjustment memo (AM) in SAP correctly accounts for State and local taxes and the refund to the ATV and Snowmobile accounts.

*We obtained the Sales Tax Report for the month of December 2018, which showed the \$25.00 refund for the ATV and Snowmobile accounts. For the fiscal year ended June 30, 2019, DCNR applied the 85/15 split to allocate the sales tax refund to ATV (\$21.25) and Snowmobile (\$3.75). DCNR made the adjustment memo for each month of the fiscal year to reflect the 85/15 split to the ATV and Snowmobile accounts.*

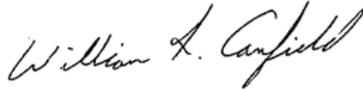
*No exceptions were found as a result of applying this procedure.*

This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would have been the expression of an opinion or conclusion, respectively, on the revenues and expenditures of the ATV Management Restricted Account and Snowmobile Management Restricted Account. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**ATV Management Restricted Account  
Snowmobile Management Restricted Account  
For the Period July 1, 2018 through June 30, 2020**

This report is intended solely for the information and use of the Department of Conservation and Natural Resources (DCNR) and Office of the Budget management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



---

William S. Canfield  
Director, Bureau of Audits

Harrisburg, PA

January 13, 2021