



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET NW
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CECW-CO

AUG - 4 2004

MEMORANDUM FOR COMMANDERS, MAJOR SUBORDINATE COMMANDS,
CHIEFS, OPERATIONS DIVISIONS

SUBJECT: AAA Audit of Recreation Facility Financial and Contract Management, A-2003-
FFC-0499.000

1. The subject audit was conducted in 2003 at U.S. Army Corps of Engineers Fort Worth, Kansas City, and Vicksburg Districts. The draft Audit Report may be found at <http://corpslakes.usace.army.mil/employees/usefees/policy.html> on the Natural Resources Management Gateway. This memorandum provides nationwide guidance pursuant to recommendations made in the Corps-wide audit report. Guidance contained in this memorandum will be incorporated in the appropriate Engineering Regulations and Engineering Pamphlets by 1 January 2005.

2. The objective of Section A - RECREATION USER FEES of the audit was to determine if recreation user fees are properly accounted for and remitted. The following guidance is provided relative to recommendations in Section A.

a. It is critical that recreation use fees be accounted for and remitted to the Finance Center properly. Guidance in ER1130-2-550, Chapter 9, EP 1130-2-550, Chapter 9; and ER 37-2-10, as supplemented by local guidance, describes and governs accounting and remittance of recreation use fees. Districts will conduct periodic reviews to assure all guidance is followed correctly in the accounting for and timely remittance of recreation use fees. These reviews will be documented and retained at the Districts for two years.

3. The objective of Section B - CONTRACT MANAGEMENT of the audit was to determine if contractors are meeting their contractual obligations and thus assisting managers improve project operations. The following guidance is provided relative to recommendations in Section B.

a. All persons providing contract services involving the handling of recreation use fees will be named on any required service bonds or other authorized instruments. Operations Project Managers will conduct periodic reviews to ensure business service bonds or other negotiable instruments cover the minimum amount required or the estimated amount of risk, to include amounts collected in cash and by personal and travelers checks. If necessary, the amounts of the bond required by the contract will be adjusted accordingly.

b. At projects using the National Recreation Reservation Service (NRRS), project personnel will track Bills for Collection by reviewing the Deposit to the Lockbox Activity Summary Reports to assure all deposits reach the lockbox and Bills for Collection are reconciled in a timely fashion. Project personnel will investigate any concerns raised during the review, such as unusual adjustments shown on the reports. Specific instructions regarding this process may be found at <http://corpslakes.usace.army.mil/employees/nrrs/policy.html>.

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This guidance may be revised when the new National Recreation Reservations Services contract is implemented in Fiscal Year 2005.

4. The objective of Section D - BUSINESS LIKE PRACTICES of the audit was to determine if recreation facilities are operated in a business-like manner, thus enhancing operations and reducing costs. The following guidance is provided relative to recommendations in Section D.

a. A standard comparability study format will be developed and provided to field users by 1 September 2004. This format will be used by all districts to develop annual studies with sufficient detail so that an accurate comparison can be made in accordance with existing guidance.

b. EP 1130-2-550, Chapter 9, paragraph 9-3.d. states that, as a general rule, the fee program for a recreation area will be terminated if the sum of the direct and indirect costs of collection exceeds revenue for two consecutive years. Paragraph 9-3.e. of the same Engineering Pamphlet discusses exceptions to this general rule. It is important to perform an annual cost analysis and evaluation, using direct and indirect costs, to determine the cost effectiveness of including recreation areas in the recreation use fee program. These analyses will be documented in the Operations and Maintenance Business Information Link (OMBIL). Appropriate data fields will be added to OMBIL to support documentation of FY 2004 information.

5. Point of contact for the recreation use fee program in CECW-CO is Ms. Judy Rice, (202) 761-5541.

FOR THE COMMANDER:



 DON T. RILEY
Brigadier General, USA
Director of Civil Works

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