



## **U.S. Department of the Interior Office of Inspector General**

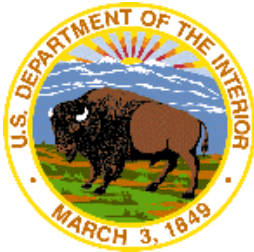
**Fee Demo  
Program  
Beneficial,  
But Could  
Be More  
Effective**



**Zion National Park  
*Office of Inspector General Photo***

## **Recreational Fee Demonstration Program National Park Service Bureau of Land Management**

**Report No. 2002-I-0045  
August 2002**



# United States Department of the Interior

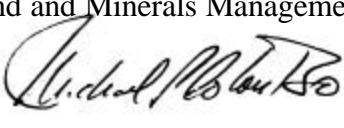
## Office of Inspector General Western Region

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2800 Cottage Way, Suite E-2712  
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7430  
August 19, 2002

### Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks  
Assistant Secretary for Land and Minerals Management

From: Michael P. Colombo   
Regional Audit Manager

Subject: Final Report, Recreational Fee Demonstration Program, National Park Service  
and Bureau of Land Management (Report No. 2002-I-0045)

The attached report presents the results of our review of the Recreational Fee Demonstration (Fee Demo) Programs of the National Park Service (NPS) and the Bureau of Land Management (BLM). Our objectives were to determine whether NPS and BLM (1) ensured that Fee Demo revenues were used properly and supplemented rather than replaced funding for maintenance and other critical needs and (2) followed required procedures for safeguarding, depositing, and recording Fee Demo revenues. We focused our review on NPS as it accounts for the vast majority of the Fee Demo revenues collected for the three Interior agencies participating in the Fee Demo Program.

In her May 30, 2002 response, the Director of BLM concurred with our recommendations, and we consider the recommendations to be resolved and implemented. The June 6, 2002 response from the NPS Director generally concurred with our recommendations, but did not provide the information necessary for us to consider the recommendations resolved. Accordingly, we are requesting that NPS provide us with the additional information related to plans of action, target dates, and officials responsible for implementing the recommendations, as detailed in Appendix 8 to the report.

The legislation, as amended, creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued, the monetary impact of audit findings (see Appendix 1), actions taken to implement our audit recommendations, and recommendations that have not been implemented. We would appreciate your written response to this report by September 20, 2002. In your response, please provide the information requested in Appendix 8.

We appreciate the cooperation shown by both NPS and BLM staff during our audit. If you have any questions regarding this report, please call me at (916) 978-5653.

Attachment

cc: Audit Liaison Officer, Assistant Secretary, Fish and Wildlife and Parks (MS 3156)  
Audit Liaison Officer, Assistant Secretary for Land and Minerals Management (MS 6628)  
Director, National Park Service (MS 3220)  
Director, Bureau of Land Management (MS 5660)  
Audit Liaison Officer, National Park Service (MS 3647)  
Audit Liaison Officer, Bureau of Land Management (MS 1000 L St.), Attn: Jean Fend  
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Chief, Office of Public Affairs, NPS (MS 3424)  
BLM Assistant Director, Communications (MS 5647)  
Associate Solicitor for Parks and Wildlife (MS 6557)  
Associate Solicitor for Land and Water Resources (MS 6412)  
Associate Solicitor for Mineral Resources (MS-6412)

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# Executive Summary

## Recreational Fee Demonstration Program

### National Park Service - Bureau of Land Management

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#### **Background**

Congress authorized the Recreational Fee Demonstration (Fee Demo) Program in 1996 to evaluate the feasibility of charging new or increased fees at recreation areas to enhance visitor enjoyment and protect area resources. Four Federal land management agencies are participating in the Program: the National Park Service (NPS), Bureau of Land Management (BLM), and U.S. Fish and Wildlife Service within the Department of the Interior and the U.S. Forest Service within the Department of Agriculture. We reviewed the Fee Demo Programs of NPS and BLM to determine whether the agencies (1) ensured that Fee Demo revenues were used properly and supplemented rather than replaced funding for maintenance and other critical needs and (2) followed required procedures for safeguarding, depositing, and recording Fee Demo revenues. We focused our review on NPS as it accounts for most of the Fee Demo revenues collected for the three Interior agencies participating in the Fee Demo Program. Congress has extended the Program through fiscal year 2004 and given the participating agencies until fiscal year 2007 to spend their Fee Demo revenues. As of September 30, 2000, NPS revenues totaled about \$459 million, and BLM revenues totaled about \$17 million.

#### **Fee Demo Program Has Proved to be Beneficial to Agencies and Visiting Public**

The Fee Demo Programs for NPS and BLM have proven beneficial both to the agencies and to the visiting public. Our review of 17 parks, including Grand Canyon, Yosemite, and Yellowstone National Parks, and five BLM recreation areas found that Fee Demo revenues have provided the two agencies with additional funds to undertake many improvement projects that may not have otherwise been possible. These projects include the construction and repair of trails, roads, campgrounds, and facilities; rehabilitation of sewage treatment plants; and stabilization of historic structures, all of which have improved visitor enjoyment and protected resources.

#### **Opportunities for Improvement:**

Our review also identified opportunities for the two agencies to further enhance the benefits of their Fee Demo Programs.

##### **NPS Could Improve Project Completion Rate**

NPS could complete its Fee Demo projects in a more timely manner. As of September 30, 2000, the 17 parks had completed only about 11 percent (56 out of 522) of their Fee Demo projects, and NPS had used only about half (\$231 million) of the \$459 million collected. Among the factors contributing to the

delays were a time-consuming approval process, a shortage of professional and technical expertise, the lack of a goal for completing projects in NPS's annual Strategic Plan, project cost overruns, and litigation. While we acknowledge that NPS does not have total control over some of these factors, it could alleviate their adverse effect on project completion. NPS, for example, could approve projects far in advance of fund availability; contract out more of the work for project design, architecture, and engineering; and modify its own restrictions on the kind of staff salaries that can be charged to Fee Demo projects.

**NPS and BLM Could Improve Program Accountability**

Both NPS and BLM generally used their Fee Demo revenues to meet the intended purposes of the Program. Both agencies, however, lacked clearly defined goals and objectives for their Programs, accountability standards for managers, and ready access to current and accurate data on Fee Demo projects. The agencies also did not comply with security guidelines over the collection of Fee Demo revenues. We believe that all of these elements are necessary to ensure that Program revenues are used as intended by Congress and as expected by the public.

**NPS Could Improve Oversight of Fee Demo Expenditures**

NPS also needed improved oversight of its Fee Demo Program to ensure that project expenditures were appropriately used. We found that NPS's use of at least \$2.8 million of Fee Demo revenues was contrary to NPS policy and reduced the revenues available to fund needed Fee Demo projects. We therefore determined that these revenues could have been put to better use (see Appendix 1).

**Recommendations**

We made six recommendations to improve the completion rate of NPS Fee Demo projects, Program accountability for both agencies, and NPS oversight of project expenditures.

**Agency Response and Office of Inspector General Reply**

In the May 30 and June 6, 2002 responses to the draft report, the Directors of BLM and NPS generally agreed with and supported the findings of the report and concurred with the report's recommendations. (Please see Appendix 6 for the NPS response and Appendix 7 for the BLM response.) Based on BLM's response, we consider the recommendations to BLM resolved and implemented. We have requested that NPS provide us with plans of action, target dates and officials responsible for implementing the recommendations. (Please see Appendix 8 for the Status of Audit Recommendations.)

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## Abbreviations

BLM .....	Bureau of Land Management
Fee Demo .....	Recreational Fee Demonstration Program
FWS .....	U.S. Fish and Wildlife Service
GAO .....	General Accounting Office
GPRA .....	Government Performance and Results Act
NPS .....	National Park Service
OIG .....	Office of Inspector General
PMIS .....	Project Management Information System

## **Background**

Congress created the Recreational Fee Demonstration (Fee Demo) Program<sup>1</sup> in 1996 to demonstrate the feasibility of using fees collected from the public to operate and maintain recreation areas and habitat enhancement projects on public land. Under the Program, four Federal land management agencies—National Park Service (NPS), Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (FWS), and U.S. Forest Service—can each charge new or increased fees at the recreational areas they manage.<sup>2</sup> The fees provide the agencies with additional revenues to enhance the quality of visitor experiences at the recreational areas and improve the protection of area resources.

The Fee Demo Program allows revenues to be used for backlogged repair and maintenance projects, interpretative centers, habitat or facility enhancement, resource preservation, law enforcement relating to public use, and annual operations (including fee collection). In November 2001, Congress extended the Program through fiscal year 2004 and allowed the agencies to spend the revenues up through fiscal year 2007. As of September 30, 2000, NPS and BLM had collected Fee Demo revenues of about \$459 million and \$17 million, respectively.

The Department of the Interior’s budget for fiscal year 2002 emphasized using Fee Demo revenues for backlogged repair and maintenance projects within NPS to “[make] good” on the Presidential Budget initiative to eliminate the NPS maintenance backlog, estimated at \$4.9 billion, within 5 years. The Secretary of the Interior requested that NPS “dedicate \$100 million from the Recreation Demonstration fee Program and Concession fee receipts toward [eliminating] these priority deferred maintenance projects.”<sup>3</sup>

## **Guidelines for Program Implementation**

Both NPS and BLM administer their Fee Demo Programs under the broad guidelines provided in the authorizing legislation. NPS, however, developed additional policy in “Program Project Call” memorandums<sup>4</sup> and has issued five such memorandums as of

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<sup>1</sup>The Program was authorized in Section 315 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134) and amended by Public Laws 104-208, 105-18, 105-83, 105-277, 106-291, and 107-63 [16 USCA, Sec. 460/-6(a) note].

<sup>2</sup>NPS, BLM, and FWS are agencies of the U.S. Department of the Interior. The U.S. Forest Service is an agency of the U.S. Department of Agriculture.

<sup>3</sup>Material cited from the Secretary of the Interior’s fiscal year 2002 budget announcement, dated April 9, 2001. Concession receipts are fees paid by authorized vendors operating within national parks or recreational areas. NPS defines deferred maintenance projects as those involving “maintenance of a facility that was not performed when it should have been or when it was scheduled and which, therefore, was . . . delayed for a future period.”

<sup>4</sup>Each Program Project Call memorandum requested parks to submit project proposals for funding with Fee Demo revenues and included Program guidelines for expenditures, accounting, and reporting.



December 2001. Under NPS policy, parks were directed to consider Fee Demo revenues as supplemental to appropriated funds. Specifically, the revenues were to be kept separate from recurring operations and were to be used primarily for funding (1) non-recurring maintenance needs, (2) infrastructure repair, (3) resource management projects, and (4) the cost of fee collection at participating parks. The revenues could not be used to offset the salaries of any existing park staff, hire permanent staff (except for positions involved in the direct collection of fees)<sup>5</sup> or fund any employee housing projects.

### **Congressional and GPRA Reporting Requirements**

To help gauge the success of the Fee Demo Program, Congress, in 1997, asked the agencies to report on Fee Demo revenues collected, projects to be completed, and backlogged projects. In addition, the agencies are to report on lessons learned and suggest Program improvements. NPS and BLM also report to Congress under the Government Performance and Results Act (GPRA) of 1993 (Public Law 103-62),<sup>6</sup> which requires that Federal agencies focus on the results of their programs and the quality of service provided to the public. Section 2(b) cites one of the Act's purposes as improving the "confidence of the American people in the capability of the Federal Government by systematically holding Federal agencies accountable for achieving program results." To comply with GPRA, agencies must establish goals and objectives for measuring program results and report annually on how well these goals are met. In our opinion, measurable results for the Fee Demo Program should be based on the degree to which the agencies use the revenues collected to complete projects that enhance visitor satisfaction and protect resources.

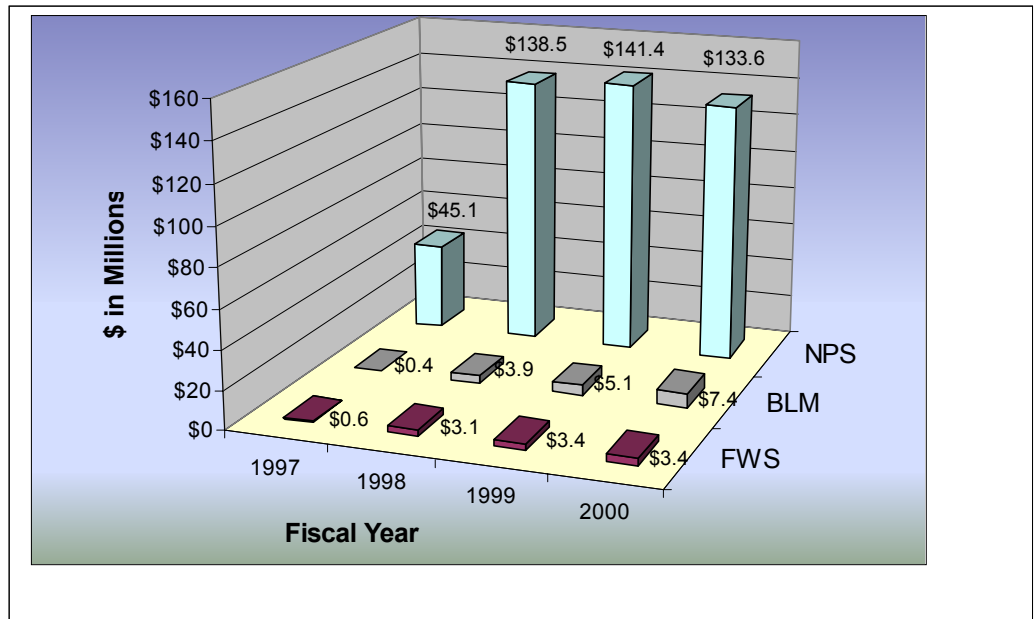
### **Audit Objectives**

We conducted our audit to determine whether NPS and BLM (1) ensured that Fee Demo revenues were used properly and supplemented rather than replaced funding for maintenance and other critical needs and (2) followed required procedures for safeguarding, depositing, and recording Fee Demo revenues. During our review, we noted that NPS had experienced delays in completing Fee Demo projects and expanded our objectives to consider this issue. The scope and methodology of our review, including the sites visited and prior audits reviewed, are detailed in Appendix 2. We concentrated our efforts on the NPS Fee Demo Program because NPS accounts for the vast majority (94 percent) of the revenues collected by the participating Interior agencies, as shown in Figure 1. See Appendix 3 for the revenues collected.

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<sup>5</sup>NPS did not want to fund any permanent positions with Fee Demo revenues because the Program was temporary and any permanent staff hired with these revenues may have to be released or the positions funded with annual appropriations.

<sup>6</sup>5 USC, Sec. 306 and 31 USC, Sec. 1115 & 1116.



**Interior Agency  
Fee Demo Revenues  
Figure 1**

## **Program Has Proven Beneficial**

The Fee Demo Program has proved to be beneficial to both NPS and BLM and to the public visiting participating recreation areas. The Program has provided both agencies with additional funds to address critical maintenance needs and to undertake projects that may not have otherwise been possible to enhance visitor enjoyment and protect resources. During our review, NPS and BLM employees and visitors alike commented favorably on the positive benefits of the Program.

NPS and BLM have used Fee Demo revenues to make many necessary and useful improvements and to protect natural resources. Fee Demo projects have included newly constructed entrance stations (Figure 2), restrooms (Figure 3), and visitor centers; renovated campsites; repaired roads, trails, and boardwalks (Figure 4); rehabilitated sewage treatment facilities; stabilized historic buildings; and updated interpretive displays and signage.

**Entrance Station, Bryce  
Canyon National Park,  
Utah, *OIG Photo***  
**Figure 2**



**New Visitor Center  
Restrooms at BLM's Red  
Rock Canyon, Nevada,  
*OIG Photo***  
**Figure 3**



**West Lake Boardwalk,  
Everglades National Park,  
Florida, *OIG Photo***  
**Figure 4**



## **Opportunities Exist For Improvement**

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Both NPS and BLM have generally done a good job in managing their Fee Demo Programs. Fee Demo expenditures were generally reasonable and appropriate and used for the intended purposes of the Program. However, we did identify opportunities to enhance Program benefits. A primary concern was the completion rate of NPS Fee Demo projects. We believe that translating fee revenues into visible improvements is the major factor in ensuring the success and public acceptance of the Program and have identified several areas in which NPS could improve its ability to complete Fee Demo projects. We also believe that both NPS and BLM could improve program accountability by establishing clearly defined goals and objectives for their Programs, developing accountability standards for managers, ensuring ready access to current and accurate data on Fee Demo projects, and complying with established security guidelines over the collection of Fee Demo revenues. Additionally, NPS could improve its oversight of Program expenditures by ensuring that the expenditures were appropriate and complied with NPS guidelines. Our recommendations in these areas, if implemented, should increase the benefits of the overall Program to the public.

### **T Improve Rate of NPS Project Completion**

In the words of NPS, the Fee Demo Program must be results oriented to gain public acceptance; that is, success should be measured in terms of outcomes or “ways in which the programs have actually resulted in on-the-ground improvements . . . or how much better the public is served at recreation sites.”<sup>7</sup> We agree with NPS’s assessment, but found that NPS has not completed Fee Demo projects in a timely manner. To help us evaluate the level of NPS’s success in managing the Fee Demo Program, we looked at the overall obligation<sup>8</sup> rate for Fee Demo revenues collected and at the number of Fee Demo projects completed at the 17 parks visited.

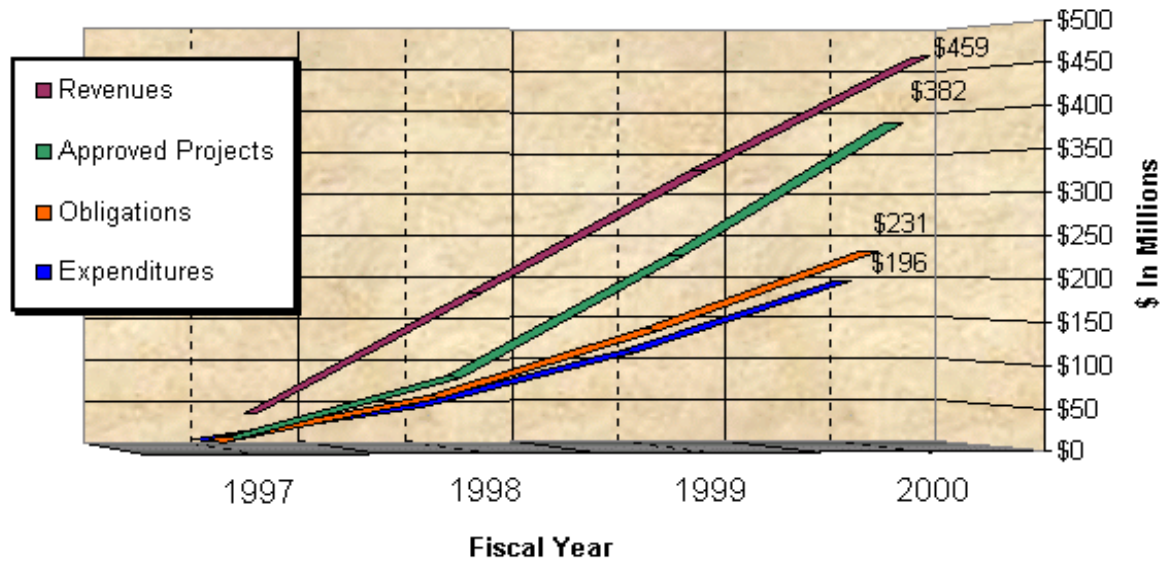
According to the annual Fee Demo Program progress reports to Congress, NPS has approved more than 3,100 Fee Demo projects totaling about \$382 million. As of September 30, 2000, however, unused NPS Fee Demo revenues totaled about \$228 million, or nearly half of the approximately \$459 million of total revenues collected since inception of the Program in fiscal year 1996. The relationship among NPS revenues, approved projects, obligations, and expenditures is shown in Figure 5. Of primary significance is the disparity between the Fee Demo revenues collected and the revenues that have been obligated. Figure 5 shows that NPS was not obligating funds as fast as Fee Demo revenues were collected. Figure 5 also

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<sup>7</sup>Cited from the 1999 Recreational Fee Demonstration Program Progress Report to Congress from the four agencies participating in the Fee Demo Program.

<sup>8</sup>An obligation is the amount of an order placed, contract awarded, service received, or similar transaction during a given period that will require payment during the same or future period.

shows, however, that once NPS signed a contract or otherwise obligated funds, it appeared to have expended Fee Demo revenues in a timely manner. In effect, while NPS demonstrated increased success in approving Fee Demo projects, the total value of approved projects was still less than available revenues.

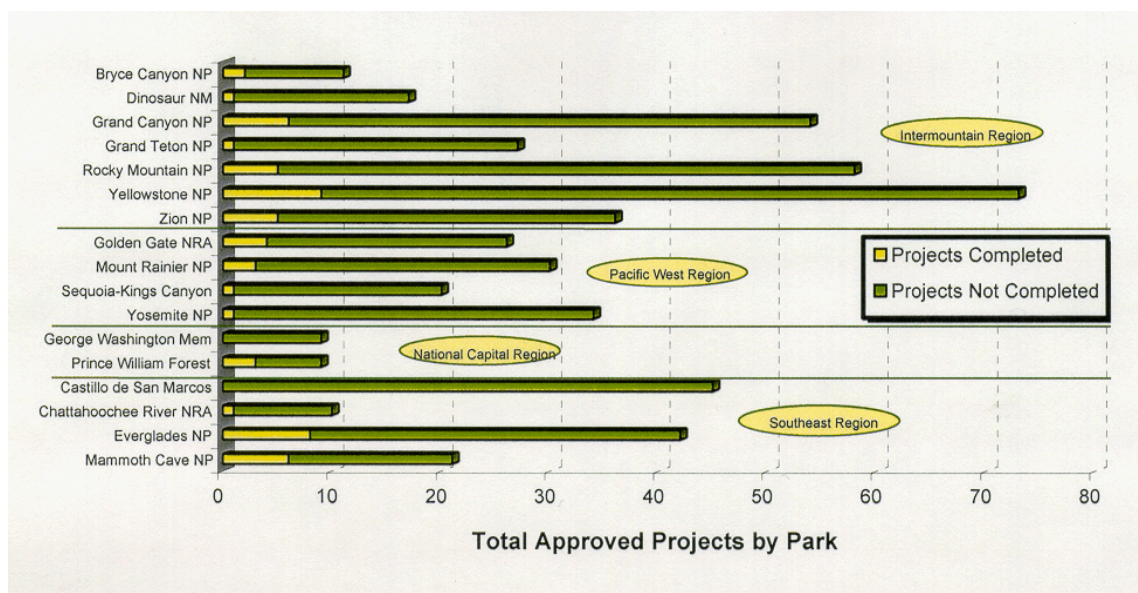


**NPS Cumulative Revenues, Approved Projects, Obligations, and Expenditures**  
**Figure 5**

Although there were numerous projects at varying stages of completion at the 17 parks<sup>9</sup> visited, the parks had completed only about 11 percent (56 of 522) of their approved Fee Demo projects as of September 30, 2000 (see Figure 6). The cost of the 56 completed projects was only about 7 percent (\$13 million of \$191 million) of total estimated costs for the parks' approved projects. Although this represented only a snapshot of Fee Demo accomplishments, we anticipated that the completion of Fee Demo projects would have more closely kept pace with the amount of Fee Demo revenues collected. We identified the following eight factors that adversely affected the timely completion of Fee Demo projects.

<sup>9</sup>At the time of our review, NPS Headquarters and regional officials could not readily provide the total number and cost of all completed Fee Demo projects. We therefore developed these estimates for the 17 parks in cooperation with regional and park officials.





See “Sites Visited” in Appendix 2 for the complete names of the parks.

**Completed Versus Approved  
NPS Fee Demo Projects  
Figure 6**

**1. Delays in the Project Approval Process.** NPS regional and park officials told us that the process for approving Fee Demo projects estimated at over \$100,000 was cumbersome and time-consuming. Fee Demo projects estimated to cost over \$500,000, for example, require a total of 11 levels of review (see page 2 of Appendix 4). In Congressional testimony in March 1999, General Accounting Office (GAO) officials cited the project review and approval process as one factor contributing to the low spending rate during the first 2 years of the Fee Demo Program (see “Prior Audit Coverage,” Appendix 2). As an example of the delays, Intermountain Region officials submitted 131 projects, estimated at over \$100,000 each, to NPS Headquarters in February 2000. In July and August 2000, Headquarters officials approved 101 of these projects. As of February 2002, however, 22 of the 131 projects were still awaiting approval. An NPS Headquarters official told us that delays in approving these projects were primarily the result of staffing shortages at the Headquarters office during the summer of 2000 and incomplete and poorly written project submittals that lacked adequate cost estimates. To increase the number of completed Fee Demo projects, Headquarters and Intermountain regional officials told us that they had encouraged park officials to submit small and medium-sized projects, which could be approved more quickly, in addition to large and complex projects.

**2. Lack of Professional and Technical Staff.** The lack of readily available professional and technical expertise for Fee Demo projects has affected the ability of some parks to prepare adequate project packages and complete approved projects. During their March 1999 testimony, GAO officials stated that NPS's limited ability to handle the large number of planned projects was another factor contributing to the low spending rate of the Fee Demo Program. Park managers told us that the NPS prohibition on using Fee Demo revenues to fund permanent positions required current employees to provide design, architectural, engineering, or contracting expertise for Fee Demo projects in addition to their regular duties. Fee Demo projects were delayed because this essential expertise was often not available in a timely manner. At Mt. Rainier National Park, for example, limited access to NPS design personnel delayed a sewage treatment renovation project for at least 2 years, resulting in continued use of the inadequate facility and potentially risking public health and environmental contamination. Likewise, the shortage of engineering staff delayed for at least 2 years, the completion of six large projects at Everglades National Park, including replacement of a severely damaged boardwalk (see Figure 7). In February 2002, NPS Headquarters officials said they were encouraging park officials to hire term employees and to contract with other agencies for design work.



**Damaged Boardwalk at Mahogany Hammock, Everglades National Park, Florida, *OIG Photo***

**Figure 7**

**3. Lack of Project Completion Goals.** Park managers may not be placing a high priority on completing Fee Demo projects. As part of GPRA, Federal agencies are required to submit 5-year strategic plans with outcome-related goals to Congress and the Office of Management and Budget at least every 3 years. Fee Demo officials at one region stated that park managers

tended to focus on meeting goals stated in the Strategic Plan, since performance evaluations were directly tied to accomplishing those goals. The Strategic Plan for fiscal years 2001 through 2005, however, did not specifically refer to completing Fee Demo projects. The Plan included a project accomplishment goal for only the NPS “line item construction program,” which was unrelated to the Fee Demo Program. This goal stated, “100% of [program] projects funded by September 30, 1998, and each successive fiscal year, [must] meet 90% of cost, schedule, and construction parameters.” In comparing these three parameters with the 32 completed Fee Demo construction-related projects at the 17 parks visited, we found that only 16 projects, or 50 percent, had been completed within the parameters. This 50 percent rate compared unfavorably with the 90 percent goal stated in the Plan. We believe that completing Fee Demo projects should be an NPS goal. NPS Headquarters officials agreed and stated that such a goal should include not only the Fee Demo Program, but also similar NPS programs.

- 4. Litigation.** Litigation involving Yosemite National Park significantly delayed projects estimated at \$6.9 million. Ten of the Park’s 34 approved Fee Demo projects were delayed at least 2 years as a result of Federal Court challenges in 1998 and 1999. Work on six of these projects could not be pursued until resolution of the legal challenges, and work on the four other projects was stalled when 70 key Park staff were assigned to work on the Yosemite Valley Plan, which was needed to respond to one challenge. In addition, another Fee Demo project to construct a new wastewater treatment plant and related facilities was delayed to head off potential future litigation. This \$8.7 million project would address “grave risks to the environment and threats to public health.” According to the project justification, the delay could require the closure of an area used by 5,000 visitors a day. We believe the Park should move forward on 1 or more of 13 other approved Fee Demo projects not affected by the litigation.
- 5. Project Cost Increases.** Projects were delayed when costs needed to complete Fee Demo projects exceeded the amounts approved. Sometimes park managers used other Fee Demo revenues to pay the additional costs necessary to complete the project as approved. For example, at Bryce Canyon National Park, costs of a Fee Demo project, budgeted at \$800,000 to subsidize operation of a new shuttle system, ballooned when expected shuttle revenues fell far short of expectations. A Park official estimated that covering the shortfall would require Fee Demo revenues of \$1.9 million in fiscal year 2001 and



\$1.2 million in fiscal year 2002, thereby delaying seven Fee Demo projects for at least 2 years. These projects included rebuilding one of the Park's two campgrounds and improving vista points for visitors. Alternatively, when other funds could not be obtained, Park managers had to limit the amount of work performed to what could be paid for within approved funding. At Mt. Rainier National Park, for example, two campground improvement projects renovated only 144 of the 599 campsites promised (see Figure 8). In our opinion, NPS should make the amendment process more flexible to adapt to changing circumstances, such as project cost increases, to ensure that projects can be completed as originally approved.



**Renovated Campground, Mt. Rainier National Park,  
Washington, *OIG Photo*  
Figure 8**

- 6. Work Scheduling.** The nature of Fee Demo revenue funding also affected the completion rate of Fee Demo projects. Fee Demo revenues are classified as multi-year<sup>10</sup> appropriated funds, which, unlike annually appropriated funds, remain available for use in subsequent fiscal years. According to regional officials, park managers may assign staff to complete projects funded with annual appropriations first and defer projects funded with multi-year funds to a later time to maximize funding resources. Fee Demo projects, which are paid for with multi-year funds, are therefore often delayed.

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<sup>10</sup>An agency can carry over multi-year appropriated funds from year to year and is not obligated to return any unused funds to the U.S. Treasury at the end of the fiscal year. Annually appropriated funds, on the other hand, must be used within the fiscal year for which they are appropriated and unused funds returned to the U.S. Treasury.

**7. Delays in Allocating Fee Demo Revenues to Parks.** NPS accounting and budgeting officials did not promptly release Fee Demo revenues back to the parks from fiscal year 1998 through fiscal year 2001. Revenues collected from October through January were not released until March or April, thereby delaying Fee Demo projects in parks that did not have sufficient revenue reserves. For example, the seven Intermountain Region parks visited did not receive their revenue allocations totaling about \$6.6 million from fees collected from October 1999 through January 2000 until March 1, 2000. The four parks visited in the Southeast Region did not receive their \$1.2 million allocation from fees collected from October 2000 through February 2001 until April 11, 2001. An NPS budget official stated that the allocations were delayed each year to allow for finalizing the prior year accounting records. Officials at both Bryce Canyon National Park and the Chattahoochee River National Recreation Area told us that the several month wait each year slowed the completion of Fee Demo projects.

**8. Banking Fee Demo Revenues.** Parks must “bank” or accumulate sufficient Fee Demo revenues before beginning work on more costly Fee Demo projects, such as constructing visitor centers. For example, Mammoth Cave National Park has a \$6 million project to rehabilitate its visitor center. Since the Park collects Fee Demo revenues of about \$2.3 million a year, these funds need to be banked for several years, thereby delaying the start of this and other Fee Demo projects.

Because of delays in completing Fee Demo projects, NPS has not enhanced the quality of visitor experiences to the extent envisioned under the Fee Demo Program legislation. We recognize that NPS cannot completely control some of the factors, such as the approval process, the shortage of professional and technical expertise, and ongoing litigation, that delayed the completion of Fee Demo projects. We believe, however, that NPS could alleviate the effect of these factors. For example, NPS could approve projects far in advance of fund availability, which would alleviate the adverse effect of the review process on project completion. NPS could address the shortage of professional and technical expertise by increasing its efforts to contract out work for Fee Demo projects, modifying its own restrictions on the kind of staff salaries that can be charged to Fee Demo projects, or requesting additional regional and Headquarters

resources to provide Program support.<sup>11</sup> NPS could also be more flexible in addressing the effects of project cost increases and litigation on project completion.

## **T Improve Program Accountability**

We believe that both NPS and BLM could enhance the benefits of their Fee Demo Programs by improving Program accountability. Both agency Fee Demo Programs lacked clearly defined and measurable goals and objectives, accountability standards for managers, ready access to clear and accurate project data, and adequate compliance with security guidelines over the collection of revenues.

### **Goals and Objectives**

NPS had not established goals and objectives for completing Fee Demo projects to ensure the overall success of its Fee Demo Program. For example, NPS could not provide comprehensive indicators of the Program's success other than the number of projects approved, estimated project costs, and the amount of funds obligated. The only goals in NPS's 1997 and 2000 Strategic Plans referred to increasing Fee Demo revenues. There were no goals for the use of Fee Demo revenues or for the number of Fee Demo projects expected to be completed, which, in our opinion, are equivalent to or more important than the goals for increasing revenues. We also found that BLM had not developed goals and objectives to ensure that business<sup>12</sup> and operating plans for individual recreation sites included both an estimate of the Fee Demo revenues to be received and a plan for their effective use. Such business and operating plans would identify a means to enhance the quality of visitor experiences and to better protect resources. For example, BLM's draft evaluation report on the Red Rock Canyon site, issued in fiscal year 2000, identified a need to address current operating and financial needs of the Fee Demo Program, reduce costs of collection, and develop projects that provided long-term benefits to the site.

### **Accountability Standards**

Both NPS and BLM should ensure that the performance appraisals for managers with Fee Demo responsibility include accountability as an element to measure success in managing their programs and in meeting GPRA requirements. Such success should relate both to completion of projects and to compliance with agency guidelines.

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<sup>11</sup>The House of Representatives did propose \$10 million in additional construction funds in the fiscal year 2002 appropriation to assist regional offices with the increased workload associated with the backlog of repair and rehabilitation, Fee Demo, and construction projects. According to NPS budget officials, however, the funds were deleted in the House-Senate conference committee.

<sup>12</sup>BLM's Instruction Memorandum No. 97-36 defines a business plan as a plan that "describes the objectives of the business and how the unit intends to achieve them. Such plans require an understanding of the resources (both physical and financial) available and customers who will be using, consuming, and paying for the product/services produced. Increased quality public service and resource protection are and must remain the primary objectives."

We believe the best way to ensure accountability is to make it a part of managers' performance standards. Two GAO reports, published in 1996 and 1997, supported our conclusions (see "Prior Audit Coverage," Appendix 2). The 1997 report specifically noted the failure of NPS to hold park managers accountable for the results of park operations. In regard to the Fee Demo Program, this situation has continued. Likewise, a December 2000 Office of Inspector General (OIG) Advisory Letter reporting on accountability within BLM management stated that field office managers should be held accountable for enforcing cash management policies and procedures (see "Prior Audit Coverage," Appendix 2).

**Current and  
Accurate  
Program  
Data**

Without current and accurate data on Fee Demo projects, neither NPS nor BLM could effectively monitor the progress and completion of Fee Demo projects. Without such data, the agencies cannot establish reasonable goals and objectives, evaluate managers' actions, identify projects with extended delays and difficulties, or accurately report Program accomplishments to Congress.

**NPS Data.** The NPS Project Management Information System (PMIS) is the primary means for accumulating project information and for reporting on the Fee Demo Program. Project data in the PMIS often did not clearly define the project scope or include estimated project completion dates. In addition, data were often a year or more out of date and contained errors in project target dates, monetary amounts, and project description and status. In July 2000, the NPS Director asked the Associate and Regional Directors to provide for more careful reviews, better documentation, and regular updates to Fee Demo project data in the PMIS. During fiscal year 2001, NPS officials worked to make the PMIS a more effective management tool and to clean up project data. For example, they increased the amount and detail of written guidance and planned training programs for employees using the PMIS. Until all improvements are completed and existing data corrected, however, Fee Demo project data on the 3,100 approved projects are not entirely reliable. We noted that NPS Intermountain Region officials maintained a separate, formal Fee Demo project tracking system to achieve a higher degree of management oversight over parks in their area of responsibility. Likewise, most of the parks visited maintained informal "cuff" summary records for their Fee Demo projects.

**BLM Data.** BLM Program managers did not always prepare accurate accounting system data or reconciliation schedules that agreed with Program revenues, costs of collections, and operating expenditures submitted to BLM's state offices and reported in the annual Fee Demo Program progress reports to Congress. For example, at Red Rock Canyon, fiscal year 1999 Fee Demo revenues reported in the accounting system (\$1,120,000) differed from those

reported to Congress (\$956,000). Likewise, for fiscal year 2000, Red Rock Canyon's collection costs reported in the accounting system (\$74,000) differed from those reported to Congress (\$230,000).

We also noted a lack of oversight over recording expenditure transactions, which resulted in expenditures being recorded to the wrong cost code. For example, at the Red Rock Canyon site, we found nine transactions totaling about \$227,000 that were recorded to the wrong program cost codes. The incorrect recording understated costs of collections and overstated interpretative and maintenance expenses for fiscal years 1998, 1999, and 2000. Without proper recording of expenditure transactions, there is no assurance that accounting expenditure information provided to Program managers and Congress will be accurately reported.

### **Security of Fee Demo Revenues**

We focused our review on cash collections, which traditionally are more vulnerable to theft. We found that NPS did not consistently follow its own guidelines, which provide a means to safeguard Fee Demo revenues by requiring park officials to conduct cash register and fee compliance audits and internal reviews of collection activities.<sup>13</sup> We also found that BLM lacked the management controls to adequately protect its cash collections. For example, BLM did not always follow its own Collection Reference Guide, which requires that BLM officials ensure that revenues are appropriately collected, secured, and recorded and that these activities are properly segregated. We noted the following security issues:

- , **Nonperformance of Audits.** At the NPS sites visited, staff had conducted only about 53 percent of required cash register audits and about 38 percent of the required fee compliance audits. In addition, at 7 of the 17 parks visited,<sup>14</sup> we found that officials had not performed any internal reviews. NPS officials told us they did not have the staff to conduct the required audits and internal reviews. We believe that audits and reviews are necessary controls to help secure Fee Demo revenues and noted that the diligent performance of fee compliance audits at Mt. Rainier National Park resulted in the detection and subsequent termination of an employee who was stealing entrance fees.

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<sup>13</sup>Cash register audits are performed at the entrance stations or campgrounds where fees are collected and include a cash drawer count and reconciliation with sales records and inventory of park passes on hand. In fee compliance or "road audits" as they are often called, security personnel set up a checkpoint just down the road from the entrance station to a park. Visitors are requested to show receipts to verify that the proper fees have been paid. Internal reviews are conducted by administrative staff to ensure that prescribed control procedures are being followed.

<sup>14</sup>Bryce Canyon, Grand Teton, Mammoth Cave, and Yellowstone National Parks; Dinosaur National Monument, Golden Gate National Recreation Area; and Prince William Forest Park.

- , **Lack of Background Checks.** NPS also requires pre-employment background checks for seasonal and permanent fee collection employees.<sup>15</sup> Of the fee collector personnel files sampled, however, only about 42 percent had documented background checks. NPS officials stated that the low number of employee background checks was due in part to the lack of awareness that such checks were required and the belief that they were too expensive, time consuming, and unnecessary for seasonal personnel. We believe that background checks are a key element of a park's internal control system and help deter the employment of unscrupulous fee collectors.
- , **Poor Physical Condition of Entrance Stations.** In addition to the lack of background checks, we noted that the poor physical condition and isolated locations of some entrance stations at four NPS sites (Yosemite, Grand Teton, and Rocky Mountain National Parks and Prince William Forest Park) posed security risks. Officials at Grand Teton and Rocky Mountain National Parks and Prince William Forest Park told us that they have begun using Fee Demo revenues to reduce security risks by rehabilitating or replacing the old stations. They are also installing surveillance cameras and improving communications, which although not required by NPS guidelines, will provide safer environments for fee collectors and help ensure the security of collections. Yosemite officials told us that they have put the design and location of new stations on hold until final approval of the Park's general management plan, but had improved security around the stations by increasing the frequency of law enforcement patrols, installing surveillance cameras, and upgrading the telephone lines.
- , **Failure to Adequately Secure Revenues.** At BLM sites visited, we found that Fee Demo revenues were not always appropriately collected, secured, and deposited. For example, at four of the five recreation sites visited,<sup>16</sup> cash receipts were collected by only one individual, and revenues were counted by employees in areas accessible to the public and other employees. At the Lower Deschutes River site, fee revenues were transported to the district office in unsecured containers. We also found at all five sites visited that collection officers were performing multiple functions, including receiving, recording, and depositing collections. Sound internal controls

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<sup>15</sup>Under NPS guidelines, a background check is required for fee collection employees who will be employed for 180 days or longer and is desirable for employees who will be employed for fewer than 180 days.

<sup>16</sup>Hyatt Lake Complex, Lower Deschutes River, John Day River, and Red Rock Canyon.

require that these duties be performed by more than one employee.

## **T Ensure Appropriate Use of Fee Demo Revenues**

NPS could improve the oversight of its Fee Demo Program by ensuring that project expenditures, including charges to cost-of-collection accounts, were appropriate. At the sites visited, about 95 percent of expenditures tested were reasonable and appropriate; however, we identified about \$5.2 million of project and cost-of-collection expenditures for fiscal years 1998 through 2000 that, in our opinion, did not comply with NPS guidelines.<sup>17</sup> (See Appendix 5 for individual park totals.) The guidelines state that Fee Demo revenues may not be used to offset the salaries of any existing park staff, to hire permanent staff (except for positions involved in the direct collection of fees), or to fund any employee housing projects. We believe the following examples represent NPS's use of Fee Demo revenues for purposes that were not consistent with NPS guidelines.

Yellowstone National Park staffing reports indicated that permanent employee salaries totaling about \$681,000 were charged to Fee Demo projects during fiscal years 1999 and 2000. For example, the Park used Fee Demo revenues totaling about \$213,000 during fiscal year 2000 to pay for salaries of "permanent subject to furlough" employees and for materials and other costs on two Fee Demo projects to restore and rehabilitate historic structures being used for employee housing (Figure 9). Park officials asserted that such charges were not in violation of the guidelines.<sup>18</sup> To avoid such future misunderstandings, Headquarters officials should clarify their intent in these areas. In addition, the Park's cost-of-collection accounts included an estimated \$545,000 of salaries for park ranger and administrative personnel who had only minimal or no duties related to fee collection.

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<sup>17</sup>We sampled Fee Demo project obligations totaling \$44.8 million, of which about \$42.5 million, or 95 percent, were considered proper charges to project and cost-of-collection accounts. The majority of the \$2.3 million in inappropriate charges (\$44.8 million less \$42.5 million) was for permanent salaries. To determine the extent of the salary charges, we expanded our review in 9 of the 17 parks visited and identified an estimated additional \$2.9 million of inappropriate charges.

<sup>18</sup>The Park's Maintenance Chief stated that NPS policy does not preclude the use of Fee Demo revenues to pay the salaries of employees who were classified as "permanent subject to furlough," although officials at Headquarters, the Intermountain Region, and other parks advised us that such employees were, in effect, considered to be permanent employees and that their salaries should not be charged to Fee Demo. Other Park officials believed that they could use Fee Demo revenues to repair and rehabilitate historic structures used for employee housing. NPS regional officials, however, stated that this use was a "gray" area.



**Renovated Historic Structure Used as Employee Housing, Yellowstone National Park, Wyoming, *OIG Photo***  
**Figure 9**

- , Grand Canyon National Park used Fee Demo revenues of about \$783,000 in fiscal years 1998 through 2000 to pay for salaries of permanent employees and equipment and furniture. These expenses, which were inappropriately charged to eight Fee Demo projects, should have been paid from the Park's base appropriation accounts. In addition, the Park's cost-of-collection accounts for fiscal years 1998 through 2000 included at least \$384,000 for salaries of Park administrative personnel with no fee collection duties (budget analysts, personnel management specialists, and a diversity coordinator) and for equipment (office furniture, printers, and a computer) used by the administrative staff.
- , Mammoth Cave National Park's cost-of-collection accounts for fiscal years 1998 through 2000 included about \$615,000 of salaries for Park rangers, tour guides, and maintenance employees who were not involved in the collection of Park entrance or cave tour fees.<sup>19</sup>
- , Also at Grand Canyon National Park and at Mt. Rainier National Park, about \$64,000 in salaries and related costs of employees who worked at three locations 60 to 90 miles outside park boundaries was charged to fiscal year 2000 cost-of-collection accounts, even though these employees did not collect any fees.

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<sup>19</sup>The Southeast Region's Fee Program Manager told us that the practice of Park rangers and tour guides charging their salaries to the cost-of-collection accounts was stopped in fiscal year 2001.



NPS established policies to ensure that Fee Demo revenues supplemented rather than supplanted funds for park operations. As noted in the previous examples, we identified instances of parks not complying with these policies when using Fee Demo revenues for project expenditures, including charges made to cost-of-collection accounts. Park officials told us that generally salaries were charged to cost-of-collection accounts either because the employees indirectly benefitted the Fee Demo Program or because park operation funds were limited.

We believe that while many of these expenditures may have indirectly benefitted the Program, they were for operations and should not have been charged to cost-of-collection accounts under existing NPS policy. We found that the parks' inappropriate use of at least \$2.8 million charged to cost-of-collection accounts in effect reduced the revenues available to fund needed Fee Demo projects. We therefore determined that these revenues could have been put to better use (see Appendix 1). In November 2001, the NPS Headquarters Fee Program Manager issued more explicit guidance on the types of expenditures that can be charged to costs of collection to address these inappropriate charges. In addition, the Fee Program Manager and her staff began scrutinizing the fiscal year 2002 cost-of-collection budget submittals.

**Recommendations** To help ensure the timely accomplishment of Fee Demo projects, improved Program accountability, and the appropriate use of Fee Demo revenues, we recommend that the Directors of NPS and BLM:

1. Develop strategies and take action to reduce the effect of obstacles to the timely completion of Fee Demo projects. These efforts should address the approval process, lack of professional and technical staff, and other factors that affect the timely completion of projects, such as litigation, cost increases, work scheduling, revenue allocation and banking. (NPS only)
2. Amend the NPS Strategic Plan to include a Fee Demo Program accomplishment goal either as a separate goal or as part of a joint goal for similar NPS programs. (NPS only)
3. Establish clearly defined and measurable Fee Demo Program goals and objectives, develop related performance accountability standards for managers, ensure current and accurate Program data, and effectively monitor Program accomplishments. (NPS and BLM)
4. Require adherence to agency regulations to (a) perform entrance and campground audits, internal reviews, and

employee background checks (NPS only) and (b) evaluate effectiveness of internal controls over cash management activities. (BLM only)

5. Issue clarification for future NPS Program Project Call guidelines regarding the use of Fee Demo revenues for “permanent subject-to-furlough” employee salaries and for work on historical structures used for employee housing. (NPS only)
6. Require periodic regional monitoring of Fee Demo project expenditures, including charges to cost-of-collection accounts, to ensure that the expenditures are in accordance with NPS guidelines. (NPS only)

## **NPS and BLM Responses and OIG Reply**

In the May 30 and June 6, 2002 responses to the draft report, the Directors of the BLM and NPS generally agreed with and supported the findings of the report and concurred with the report’s recommendations. (See Appendix 6 for the NPS response and Appendix 7 for the BLM response.) Based on BLM’s response, we consider the recommendations to BLM (Nos. 3 and 4) resolved and implemented (see Appendix 8). Based on the NPS response, we are requesting additional information for Recommendations 1 through 6, as detailed in Appendix 8. Although NPS concurred with Recommendations 1 through 6, it did not provide the information necessary to resolve them, as follows:

**Recommendation 1.** The NPS response stated that NPS has addressed several of the conditions identified as slowing the completion of Fee Demo projects. For example, NPS has streamlined the project approval process at the Washington Office level, added a new PMIS component for improved project cost estimating, improved work scheduling by having parks request projects in advance of funding cycles to expedite project approvals, and upgraded the PMIS to identify project status and accomplishments for multi-year projects. The response, however, did not discuss how NPS planned to address the adverse effects on project completion of insufficient professional and technical staff and litigation. As discussed in the report, we believe the shortage of staff qualified to provide critical professional and technical services has seriously delayed projects. We are requesting that NPS provide an action plan for reducing the effects of these two obstacles to the timely completion of projects.

**Recommendation 2.** The NPS response did not address the intent of the recommendation. Although tying a strategic plan goal to park manager accountability may be desirable, this

was not the focus of this recommendation. We are requesting that NPS amend the Strategic Plan to include a Fee Demo Program goal related to project completion. Such an amendment appears to be within the intent of GPRA and would significantly increase the focus of both park managers and NPS Headquarters officials on Program performance.

**Recommendation 3.** The NPS response referred to a broad set of goals and objectives identified in a May 2002 *Interim Report to Congress*. We reviewed this report and did not identify any objectives related to establishing defined and measurable Fee Demo Program goals and objectives. In addition, NPS did not comment on developing related accountability standards but, instead, stated that such standards would be investigated in conjunction with developing a strategic goal tied to park manager accountability. We are requesting that NPS establish clearly defined and measurable Program goals and objectives, develop related performance accountability standards for managers, ensure current and accurate Program data, and effectively monitor Program accomplishments.

**Recommendation 4.** The NPS response stated that, until new NPS-wide standards and protocols were enacted as part of an audit program, current cash handling audits at both the park and regional level would continue with available funding and staff. The response also stated that NPS would request funding this year for additional personnel to process background checks for fee collection staff and that NPS would also reemphasize the requirement for background checks in fee conferences and in the issuance of the revised Director's Order 22 – Recreation Fee Guidelines. The NPS response generally addressed the recommendation, but did not indicate when the audit program would be in place and how it would be used to require adherence to NPS regulations. We are requesting that NPS provide copies of the audit program, the revised Director's Order 22, and the action plan for implementation to ensure the performance of entrance and campground audits, internal reviews, and employee background checks.

**Recommendation 5.** The NPS response stated that NPS would issue a clarification memorandum to the field offices to discuss the parameters of using Fee Demo revenues for permanent employee salaries and for historic housing projects. The response also stated that many of the expenditures identified in the report as not being consistent with NPS policy had resulted from errors in cost accounting or simple

misunderstandings about NPS policy requirements in the Program's early years. However, we found that some of the larger parks used Fee Demo revenues as a means to fund work performed by permanent employees (including subject-to-furlough positions), which was not consistent with NPS policy. Although the expenditures were allowable under the legislation, NPS established its policies to ensure that Fee Demo revenues supplemented rather than replaced park operational funds. We are requesting copies of the clarification memorandum on the use of Fee Demo revenues for project work performed by permanent employees and for work on historical structures used for employee housing and the related action plan for implementation.

**Recommendation 6.** The response stated that NPS was developing NPS-wide standards and implementing protocols for the audit program (see Recommendation 4), including reviews to monitor Fee Demo Program accountability and accomplishments. According to an NPS official, this audit program would include steps to ensure that expenditures charged to Fee Demo projects complied with agency policy and regulations. In addition, the response stated that the continued review and approval of all fee project proposals (including cost-of-collection projects) in PMIS would be done by park, regional, and headquarters officials to ensure that the projects met specific criteria and agency policy. We agree that an audit program would help ensure that Fee Demo project expenditures were in accordance with NPS guidelines, but believe that if the audit program is to be effective, it should require periodic regional monitoring of expenditures. We are requesting that NPS include in its audit program periodic monitoring of Fee Demo project expenditures by regional officials and provide an action plan for implementation.

## Appendix 1

# Classification of Monetary Amounts

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<u>Source</u>	<u>Funds To Be Put To Better Use</u>
NPS Cost-of-Collection Expenditures	<u>\$2,852,732<sup>1</sup></u>

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<sup>1</sup>Only \$2.8 million of the \$5.2 million in costs not in compliance with NPS guidelines (see Appendix 5) was classified as “Funds To Be Put To Better Use” because the remaining \$2.4 million was primarily for salaries of permanent employees actually working on Fee Demo projects. The \$2.8 million, however, was Fee Demo revenues that could have been used to fund necessary projects rather than the salaries of employees usually paid from base appropriation accounts.

## Audit Scope and Methodology

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### **Government Auditing Standards**

We conducted our review, as applicable, in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures considered necessary under the circumstances. As part of our review, we reviewed the Department of the Interior's Reports on Accountability for fiscal years 1998 through 2000, which include information required by the Federal Managers' Financial Integrity Act, and NPS and BLM annual assurance statements on management controls for fiscal years 1998 through 2000. Based on that review, we determined that none of the weaknesses reported for the Department, NPS, and BLM were within the objectives and scope of our review. We also reviewed the internal controls over the Fee Demo Program and found weaknesses in the expenditure and safeguarding of revenues, which are discussed in the body of the report. Our recommendations, if implemented, should improve internal controls in these areas.

### **Scope and Methodology**

To accomplish our objectives, we reviewed prior fee legislation; the Fee Demo Program's authorizing legislation and related legislative history; annual Fee Demo Program progress reports to Congress; NPS Program Project Call criteria and NPS-22 guidelines; NPS and BLM annual budget justifications; applicable NPS and BLM Program financial reports and accounting records; PMIS detail data sheets; park organization charts and employee position descriptions; audits and internal reviews performed by park officials and others; and applicable BLM policies and procedures. We also interviewed responsible officials in the Fee Demo Program at NPS Headquarters, Accounting Operations Center, and related regions and parks and at BLM Headquarters, state, district, and field offices. We conducted our review between August 2000 and December 2001.

The scope of our audit primarily included Fee Demo Program activity during fiscal years 1998 through 2000. For our BLM review, we did not examine whether BLM supplemented existing funding with Fee Demo revenues because, unlike NPS, BLM had not developed internal guidelines restricting such use. For our NPS review, we concentrated on the revenues that were used at the parks where they were collected ("80 percent money"). Under Program legislation, the agencies must use at least 80 percent of the revenues at the park or recreational area where the revenues are collected. The remaining revenues, up to 20 percent, can be used at other locations under the

## Appendix 2

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administrative jurisdiction of the collecting agencies. We did only minimal work regarding the use of “20 percent money” because many of the projects funded with these revenues, such as the Youth Conservation Corps and Green Energy Programs, were NPS-wide activities approved for both Fee Demo and non-Fee Demo parks.

We did not determine whether NPS and BLM minimized their fee collection staff, thereby reducing the costs of collection. At the sites visited, we did not evaluate whether the fee collection staffing was appropriate for the sites’ traffic patterns, visitation, number of entrance stations and campground collection points, and hours of operations. Nothing came to our attention, however, that indicated that staff levels at the sites were excessive.

We also did not determine whether NPS was using Fee Demo revenues to address its highest priority needs because NPS’s multiple funding sources enabled Fee Demo revenues to be available for some lower priority projects.<sup>20</sup> In a November 1999 report, GAO officials stated that they could not assess whether NPS was addressing its highest priority needs because the parks did not have an overall priority list (see page 26).

#### **Sites Visited**

For our NPS review, we visited NPS’s Headquarters Office and Accounting Operations Center, four regional offices and 17 park units judgmentally selected throughout the United States. For our BLM review, we visited five judgmentally selected Fee Demo sites under the jurisdiction of three BLM offices located at Medford and Prineville, Oregon, and Las Vegas, Nevada, as follows:

#### **Sites Visited**

#### **Location**

##### **NPS Sites:**

Headquarters Office  
Accounting Operations Center

Washington, D.C.  
Herndon, Virginia

Intermountain Regional Office  
Bryce Canyon National Park  
Dinosaur National Monument  
Grand Canyon National Park

Lakewood, Colorado  
Utah  
Colorado  
Arizona

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<sup>20</sup>Most parks visited did not have an overall consolidated, prioritized list of needs. Park officials told us that they had not identified their total needs because the needs far exceeded available funding. In February 2001, Office of Management and Budget officials requested NPS to develop project priority lists for each park regardless of funding source.

Grand Teton National Park	Wyoming
Rocky Mountain National Park	Colorado
Yellowstone National Park	Wyoming
Zion National Park	Utah
Pacific West Regional Office and Columbia Cascades Support Office	Oakland, California Seattle, Washington
Golden Gate National Recreation Area (Alcatraz Island and Muir Woods National Monument)	California
Mt. Rainier National Park	Washington
Sequoia-Kings Canyon National Park	California
Yosemite National Park	California
National Capital Regional Office	Washington, D.C.
George Washington Memorial Parkway (Great Falls Park)	Virginia
Prince William Forest Park	Virginia
Southeast Regional Office	Atlanta, Georgia
Castillo de San Marcos National Monument	Florida
Chattahoochee River National Recreation Area	Georgia
Everglades National Park	Florida
Mammoth Cave National Park	Kentucky
<b>BLM Sites:</b>	
Medford District Office	Medford, Oregon
Rogue River	Oregon
Hyatt Lake Complex	Oregon
Prineville District Office	Prineville, Oregon
Lower Deschutes River	Oregon
John Day River	Oregon
Las Vegas Field Office	Las Vegas, Nevada
Red Rock Canyon	Nevada

**Prior Audit Coverage** We reviewed the following prior audit coverage of the Fee Demo Program and related activities.

**November 2001** , *Recreation Fees: Management Improvements Can Help the Demonstration Program Enhance Visitor Services* (GAO-02-10). The report, which followed up on GAO's November 1998 report, stated that (1) fee collection and coordination could be improved, including a more effective evaluation of manager fee collection and coordination practices, and (2) Fee Demo revenues may not



## Appendix 2

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always be used to meet highest priority needs. GAO recommended that NPS, BLM, FWS, and U.S. Forest Service develop specific performance expectations and implement a process for conducting systematic evaluations to identify which fee collection and coordination practices worked best. GAO also recommended that the four agencies develop an effective mechanism for overseeing and coordinating the Program.

**December  
2000**

, *Collection Module of the Collections and Billings System, Bureau of Land Management*, OIG Report No. 01-I-096, concluded that although BLM had improved its processes for entering data on revenue collections, automating manual operations, and exchanging data with other systems, the data maintained in the system were incomplete and therefore unreliable. The report also concluded that BLM needed better manager accountability to ensure the timely deposit of collections and the security of cash, checks, and credit cards.

**November  
1999**

, *National Park Service: Recreational Fee Demonstration Program Spending Priorities* (GAO/RCED-00-37R). The report stated that at the four parks reviewed (Grand Canyon, Sequoia-Kings Canyon, and Yellowstone National Parks and Jefferson National Expansion Memorial), Fee Demo project expenditures for fiscal years 1997 through 1999 were consistent with the needs of park division managers and with authorizing legislation and Departmental and NPS criteria. GAO could not assess, however, whether spending addressed the parks' highest priority needs because the parks did not have an overall priority list or a priority list for each park and because multiple funding sources made Fee Demo funds available for some lower priority projects.

**March  
1999**

, *Recreation Fees: Demonstration Has Increased Revenues but Impact on Park Service Backlog Is Uncertain* (GAO/T-RCED-99-101). In testimony before a Congressional Committee, GAO officials stated that although the Fee Demo Program had increased revenues to NPS, the effect on the maintenance backlog was uncertain because NPS did not have reliable data on the size and scope of deferred maintenance needs. The officials also stated that the two factors contributing to the low rate of spending over the first 2 years of the Fee Demo Program were the delays caused by the project review and approval process and the limited capacity of NPS to handle the large number of projects planned under the Fee Demo Program.

- November 1998** , *Demonstration Fee Program Successful in Raising Revenues but Could Be Improved* (GAO/RCED-99-7). The report stated that (1) expenditures appeared to be consistent with authorizing legislation; (2) recreational fee revenues had increased substantially, although most remained unspent; (3) opportunities existed for more innovation and coordination in fee collection activities; and (4) visitation was largely unaffected by the Fee Demo Program. The report recommended that NPS and FWS look for further opportunities to experiment with new and existing fees and, along with BLM, improve visitor services by better coordination of fee collection activities.
- April 1997** , *Management for Results Could Strengthen Accountability* (GAO/RCED-97-125). The report stated that key components to hold NPS park managers accountable, such as processes for setting results-oriented expectations or monitoring outcomes, were missing and that goals to be achieved in the parks or a process for measuring progress toward these goals had not been established. The report concluded that NPS lacked a means to monitor progress toward achieving its goals and to hold park managers accountable for the results of park operations.
- June 1996** , *Effectively Implementing the Government Performance and Results Act* (GAO/GGD-96-118). The report stated that the Act required Federal agencies to set goals, measure performance, and report on their accomplishments. In addition, the report stated that the agencies should define clear missions and desired outcomes, measure performance to gauge progress, and use performance information as a basis for decision making. The report also stated that agencies should devolve decision making with accountability, create incentives, build expertise, and integrate management reforms.

### Appendix 3

## NPS Fee Demo Revenues Collected By Park

Regions/Parks Visited	Fiscal Years 1998-2000 Revenue
<b>Intermountain Regional Office</b>	
Bryce Canyon National Park	\$6,783,000
Dinosaur National Monument	1,057,000
Grand Canyon National Park	66,787,000
Grand Teton National Park	12,361,000
Rocky Mountain National Park	13,922,000
Yellowstone National Park	19,104,000
Zion National Park	11,531,000
<b>Pacific West Regional Office</b>	
<b>Columbia Cascades Support Office</b>	
Golden Gate National Recreation Area (Alcatraz Island and Muir Woods National Monument)	9,997,000
Mount Rainier National Park	6,842,000
Sequoia-Kings Canyon National Park	7,722,000
Yosemite National Park	42,534,000
<b>National Capital Regional Office</b>	
George Washington Memorial Parkway (Great Falls Park)	1,080,000
Prince William Forest Park	277,000
<b>Southeast Regional Office</b>	
Castillo de San Marcos National Monument	3,954,000
Chattahoochee River National Recreation Area	1,585,000
Everglades National Park	4,416,000
Mammoth Cave National Park	7,010,000
<b>NPS Sites Visited Subtotal</b>	<b>\$216,962,000</b>
<b>NPS Sites Not Visited</b>	<b>172,602,000</b>
<b>Golden Eagle Revenue*</b>	<b>23,966,000</b>
<b>Fiscal Year 1997 Revenue*</b>	<b>45,079,000</b>
<b>NPS Total Revenue (Fiscal Years 1997-2000)</b>	<b>\$458,609,000</b>
<b>Less: Obligations (Fiscal Years 1997-2000)</b>	<b>(230,228,000) **</b>
<b>Unobligated Balance</b>	<b>\$228,381,000</b>

\* Data not specifically identified by park.

\*\* Obligation amount rounded to \$231 million in the body of the report.

Source: The 1997, 1998, 1999, and 2000 Fee Demo Reports to Congress from the four agencies participating in the Fee Demo Program

## NPS Fee Demo Project Selection and Approval Process

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### **Project Selection Process**

Generally, park managers, in consultation with park division chiefs, determine park spending and operating priorities based on available funding. The chiefs of park divisions, such as resource management and protection, maintenance, interpretation, and administration, each develop a list of priorities. The lists are discussed, with project selection ultimately the prerogative of the park managers, who forward selected projects to the regional offices for approval.

The primary funding sources are park operating budgets, line item construction funds, and Fee Demo revenues (which can represent a significant portion of a park's funding). When selecting a funding source, park managers consider many factors, including the type, size, and scope of the project and specific funding restrictions. Generally, large infrastructure projects over \$500,000 compete NPS-wide for line item construction funds. Projects for less than \$500,000 compete within a region for repair and rehabilitation funds. Other funding sources, with differing eligibility criteria, are available for cultural and natural resource protection needs. Park needs not addressed by these funding sources compete at the park level for Fee Demo revenues. NPS Program Project Call memorandums provide guidance for selecting and approving specific Fee Demo projects.

### **Project Approval Process**

Authorizing legislation separated the Fee Demo revenues into "80 percent" money to be used at the parks where collected and "20 percent" money available for use NPS-wide. Based on guidance from the Assistant Secretaries for Policy, Management and Budget and for Fish and Wildlife and Parks, NPS established procedures for project approval. The approvals needed for 80 percent projects are outlined on page 30. The NPS Director and both Assistant Secretaries approve all projects funded with 20 percent money. Those projects over \$100,000 must be submitted to the House and the Senate Committees on Appropriations for approval.

## Appendix 4

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<b>NPS Fee Demo Program Approval Process For 80 Percent Projects (From Lowest to Highest Level of Approval)</b>		
<b>Projects \$100,000 or Less; Projects \$100,000 to \$500,000 For Replacement-In-Kind or Treatments to Protect Prior Investment</b>	<b>Projects \$100,000 to \$500,000</b>	<b>Projects Over \$500,000</b>
Approval by Park Superintendent	Approval by Park Superintendent	Approval by Park Superintendent
Review and Approval by Regional Director	Review and Approval by Regional Director	Review and Approval by Regional Director
	Review and Concurrence by Washington Area Support Office	Review and Concurrence by Washington Area Support Office
	Approval by Associate Director for Administration	Review and Approval by Development Advisory Board
	Approval by Director	Approval by Associate Director for Administration,
	Review and Approval by Assistant Secretary for Fish and Wildlife and Parks	Approval by Director
		Review and Approval by Assistant Secretary for Fish and Wildlife and Parks
		Review and Approval by Assistant Secretary for Policy, Management and Budget
		Review and Approval by Office of Management and Budget
		Approval by House of Representatives Subcommittee on Interior Appropriations
		Approval by Senate Subcommittee on Interior Appropriations

## Appendix 5

# Park Expenditures Not In Compliance with NPS Guidelines

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(Fiscal Years 1998-2000)

<u>Regions/Parks</u>	<u>Project Expenditures</u>	<u>Costs of Collection</u>	<u>Park Totals</u>
<b>Intermountain Region:</b>			
Bryce Canyon National Park	\$17,711	\$23,687	\$41,398
Dinosaur National Monument	21,542	81,250	102,792
Grand Canyon National Park	782,910	584,692	1,367,602
Grand Teton National Park	8,278	0	8,278
Rocky Mountain National Park	11,043	195,085	206,128
Yellowstone National Park	776,117	560,439	1,336,556
Zion National Park	471,666	37,717	509,383
<b>Pacific West Region:</b>			
Golden Gate National Recreation Area	47,041	83,667	130,708
Mt. Rainier National Park	19,407	185,575	204,982
Sequoia-Kings Canyon National Park	66,349	27,183	93,532
Yosemite National Park	44,850	244,036	288,886
<b>National Capital Region:</b>			
George Washington Memorial Parkway	0	0	0
Prince William Forest Park	0	0	0
<b>Southeast Region:</b>			
Castillo de San Marcos National Monument	72,155	33,915	106,070
Chattahoochee River National Recreation Area	0	10,622	10,622
Everglades National Park	29,444	169,788	199,232
Mammoth Cave National Park	<u>14,342</u>	<u>615,076</u>	<u>629,418</u>
<b>Totals</b>	<u>\$2,382,855</u>	<u>\$2,852,732</u>	<u>\$5,235,587</u>



IN REPLY REFER TO:

## United States Department of the Interior

### NATIONAL PARK SERVICE

1849 C Street, N.W.  
Washington, D.C. 20240

JUN - 6 2002

F5419(2460)

#### Memorandum

To: Assistant Inspector General for Audits  
Office of Inspector General

From: Director *Iron P. Maille*

Subject: Response to Draft Report "Benefits of Fee Demo Program Could be Enhanced" (Assignment No. W-IN-NPS-0001-00-D)

Attached are our comments on the subject audit report. Thank you for the opportunity to review and provide response.

Should you have any questions regarding this subject, please contact Jane Moore, Recreation Fee Program Manager at 202/208-4205.

Attachment

cc: NPS Management Officer  
Assistant Secretary for Fish Wildlife and Parks

U.S. Department of the Interior  
Comments on Office of Inspector General Draft Report,  
"Benefits of Fee Demo Program Could be Enhanced"

National Park Service

In general, the National Park Service (NPS) agrees with and supports the findings of the report and concurs with its recommendations. We appreciate the comprehensive review conducted by the Office of the Inspector General (OIG) staff and will use the feedback and data collected to further improve the program.

General Comments

The NPS strongly agrees with the report findings that the Recreational Fee Demonstration Program has proved beneficial by providing supplemental funds for park improvement projects, enhanced recreation, and protection of resources. The NPS recognizes the tremendous benefit that the Recreational Fee Demonstration Program has provided and continues to meet the inherent challenges associated with accountable management. The size, scope, and complexity of the NPS fee program has changed dramatically in the last 5 years due to: 1) doubling of revenues; 2) institution of the Project Management Information System (PMIS), a computerized project tracking system for all project identification, approval, and accomplishment; 3) development of new policy and approval processes; 4) implementation of new collection methods; 5) expansion of the National Park Reservation Service; and 6) establishment of the new National Parks Pass.

The NPS is committed to strengthening its management of the program and is in the process of adopting a number of recommendations made by the General Accounting Office, McKinsey and Company, Incorporated (Independent NPS Fee Study), and the OIG.

Project Completion

When reviewed on an annual basis, the rate of revenues to obligations has increased from 37 percent in FY 1997 to 92 percent in FY 2001. This does not include the accumulation of unobligated revenues from prior years. The obligation rate is improving as the program continues. Some of the delays in obligations and project completion can be directly tied to the complexities of designing, planning, and seeking congressional approval for projects larger than \$500,000. These large projects representing 25 percent of the approved dollars were previously "banked" until funds and planning were complete. The funds are now being obligated for these projects. A majority of approved projects were less than \$100,000 with simple design, planning and approval requirements for completion. The NPS agrees with the OIG findings that there is room for improvement in the project completion rate, but many of the barriers cited by the OIG were put in place to ensure the overall integrity of the program. The policies, planning requirements, and approval procedures are directly related to ensuring that the NPS is meeting the congressional intent of the program by ensuring that funds are being used



## Appendix 6

Page 3 of 5

appropriately for supplemental deferred maintenance and resource protection projects and not for operations. The NPS does, however, recognize that there are certain policies and procedures that should be reevaluated, especially those that are significantly hampering the efficient accomplishment of projects. The NPS has taken actions to address some of the specific issues identified during the period under review in this report as follows:

The Washington Office has streamlined the approval process where it is within their purview. A significant barrier to the timely approval of projects has been eliminated through educating regional staff and park staff to improve the data in the PMIS. The NPS continues to modify PMIS including the ability to interface with other software to demonstrate accountable project management. The goal is to establish benchmark goals in order to justify a reduction in approval layers.

A major barrier in project approval and subsequent completion has been inadequate cost estimating and planning. The Washington Office has provided a new PMIS component for cost estimating. In the near future, the PMIS software will interface with the Facility Management Software System (FMSS) to provide industry standard cost estimating, project planning, project scheduling, and tracking.

In FY 2002 to improve project work scheduling, the Recreational Fee Demonstration Program was included in a 3-year, Servicewide Comprehensive Call for projects. This call required parks to enter projects in PMIS ahead of funding cycles so that project approvals can be made in advance. In the near future, through the use of Servicewide software, the NPS is instituting a 5-year, planning process for revenue expenditures. A new project change procedure was instituted in November 2001 to provide parks flexibility in modifying the scope and cost of previously approved projects. The newest version of PMIS provides a mechanism for parks to identify fiscal year components of a multi-year project, including detailed cost estimating and reporting of approved project status and accomplishments. Continued review and updates of PMIS information at all levels (park, regional and national) is in progress and will assist in providing more current and accurate data on projects.

With limited resources, time sensitive projects funded from annual appropriations will continue to be completed before projects funded with multi-year funds. To assist in resolving this issue, a policy has been established for 20 percent projects which identifies completion deadlines. The NPS is evaluating the adoption of a similar policy for 80 percent projects. A new data field in PMIS now requires a project start date which will aid in tracking project progress.

The NPS is reviewing its policy on the use of permanent employees including subject-to-furlough positions for project work. Clarification establishing the parameters for the utilization of permanent employees will be provided in a policy memo issued to the field from the Washington Office in the near future. Continued review and approval of cost of collection projects will occur annually. Parks will be required to list all personnel to be funded as a part of cost of collection. Only positions involved in the direct collection or administration of fee collection programs will be appropriately charged to cost of

collection. The NPS will also continue to utilize contractors when feasible and appropriate.

#### Program Accountability

The NPS will investigate the development of a strategic goal that is tied to park manager accountability.

The Washington Office has developed a broad set of goals and objectives for the Recreational Fee Demonstration Program. These objectives were identified in the *Interim Report to Congress* submitted in May 2002. The NPS plans to use and further refine these goals as it begins to implement many of the GAO, McKinsey and Company, Incorporated fee study, and OIG recommendations in the near future.

The NPS is in the process of developing Servicewide standards and implementing protocols for an audit program including reviews to monitor fee program accountability, and accomplishments to ensure adherence to agency policy and regulations. Until new Servicewide protocols are enacted, current cash handling audits at both the park and regional level will continue with available funding and staff. Continued review and approval of all fee project proposals in PMIS will occur at the park, regional, and national level to ensure that projects meet specific criteria and agency policy.

A clarification memo will be issued to the field in order to more clearly identify the parameters of use of fee revenues for historic housing projects.

The NPS is planning to conduct a Servicewide inventory of technology and infrastructure needs at collection stations as a part of the NPS fee study (McKinsey and Company, Incorporated) implementation. Parks will be encouraged to upgrade facilities and equipment as feasible and appropriate. Best practices and vendor demonstrations of new technologies will continue to be an important part of national fee conferences and regional training.

There is currently an unprecedented backlog of background investigations for fee collection staff pending due to the increase in security positions throughout the Federal Government due to the aftermath of September 11<sup>th</sup>. A funding request will be submitted this year for additional staff for the processing of background checks for fee collection staff. The NPS will also re-emphasize the requirement of background checks in fee conferences and in the issuance of the revised Director's Order 22 - Recreation Fee Guidelines.

Financial reporting and allocation delays at the end of the fiscal year are directly related to audit procedures. These processes will be evaluated to determine if improvements could be made to improve timeliness of allocations during fiscal year closeout.

#### Park Specific Expenditure Explanations/Follow up Actions

It is important to note that OIG auditors deemed 95 percent of the park expenditures reviewed were reasonable and appropriate. The other five percent of expenditures were

## Appendix 6

Page 5 of 5

identified as within the law but not consistent with "NPS policy." In response to Department of the Interior's review of the 1997 project submittals, the NPS established more stringent policies for fee expenditures than were required by law. Policies were established to ensure the projects supplemented, rather than supplanted park operations. Guidance was issued that did not allow the use of funds for operational activities or for permanent positions other than those directly involved in fee collection. This policy was established to ensure that permanent positions would not be eliminated if the temporary program were not extended.

Upon further investigation of the itemized unallowed expenditures in Appendix A, the NPS has determined that a fair portion of those identified were errors in cost accounting or simple misunderstandings about policy requirements in the early years of the program; these errors have been rectified. The OIG also identified certain unallowed cost of collection expenditures. Once again, upon further investigation of the specific expenditures, the NPS has determined that the majority of expenditures were not inappropriate but may have been contrary to NPS policy. In order to keep overhead costs minimized, the NPS established stringent policy on the appropriate use of fee revenue to fund collection activities. This policy precluded the funding of administrative staff and/or permanent employees that were not designated to have at least 80 percent of their duties associated with the direct collection of fee revenues. Many of the identified unallowed expenditures were pro-rata salaries of permanent employees doing tasks associated with oversight, security, and administration of the fee program.

The NPS has already taken corrective action on many of the accounting errors and misunderstandings about policy and expenditure criteria. Most of the mistakes made in the early years of the program were rectified in the review period or have since been rectified. The NPS will be reevaluating its policies to streamline and support timelier project completion. A clarification memorandum will be issued to the field before the next call for projects. Cost of collection funding parameters will continue to be evaluated and adjusted in order to ensure that overhead costs are minimized, and that fee collection facilities are safe and modernized.

### Conclusion

Given the myriad of challenges associated with the tremendous growth of the Recreational Fee Demonstration Program, the development of new policies, the implementation of computerized project tracking systems, and the institution of comprehensive review and approval procedures, the NPS asserts that it has been successful in meeting the congressional objectives associated with the Recreational Fee Demonstration Program.

We appreciate the opportunity to provide comments on this report. Additionally, we appreciate the detailed review conducted by the OIG staff, and have utilized the specific feedback to make some program improvements.



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Washington, D.C. 20240

May 15, 2002

In Reply Refer To:  
8300 (250)

## MEMORANDUM

To: Regional Audit Manager, Western Region  
Office of Inspector General

Through: Rebecca W. Watson *Rebecca W. Watson* MAY 30 2002  
Assistant Secretary, Land and Minerals Management

From: ~~For~~ Kathleen Clarke *Kenneth R. Rison acting Deputy Director*  
Director, Bureau of Land Management

Subject: Response, Office of Inspector General (OIG) Draft Report, Recreational Fee Demonstration Program, National Park Service and Bureau of Land Management (Assignment Numbers W-IN-NPS-001-00-D and W-IN-BLM-001-00-D)

Thank you for the opportunity to respond to the subject draft audit. The Bureau of Land Management (BLM) believes the report is well written and, for the most part, reflects the current conditions in the Recreational Fee Demonstration Program (Fee Demo). The BLM concurs with the findings and recommendations in the report and offers the following comments:

**Recommendation 1:** Establish clearly defined and measurable Fee Demo Program goals and objectives, develop related performance accountability standards for managers, ensure current and accurate Program data, and effectively monitor Program accomplishments. (NPS and BLM)

**Response:** We concur with the recommendation. The BLM has developed both a comprehensive formal evaluation process to assess the adherence to the criteria in the Fee Demo Program legislation, as well as the OIG findings in this report, and a process to share best practices with the other States and recreation fee sites. The evaluation process encourages the use of business plans to establish goals and objectives for recreation fee projects. An important aspect of our evaluation process is to followup on the recommendations and have the site managers be accountable for implementing the recommendations. Performance standards that are measurable will be developed and incorporated into the evaluation process. The list of performance standards is expected to be completed by May 31, 2002.

**Please Note:** During the preparation of the final audit report, Recommendation 1 of the draft report was renumbered to Recommendation 3; Recommendation 6 was renumbered to Recommendation 4.



We completed the initial evaluation for four States in Fiscal Year (FY) 2001 and have two States scheduled for FY 2002. The BLM has developed a 4-year rotation schedule for all of its States. This evaluation process is being institutionalized in the BLM as a standard procedure in monitoring its recreation programs for effectiveness.

The responsible official is Henri Bisson, Assistant Director, Renewable Resources and Planning.

**Recommendations 2-5:** For National Park Service only.

**Recommendation 6:** Require adherence to agency regulations to evaluate effectiveness of internal controls over cash management activities. (BLM only)

**Response:** We concur with the recommendation. This has been required in the past through several Instruction Memorandums (IM) and will continue to be a major aspect of the above-mentioned evaluation process. Also, as in the past, the BLM will continue to request State Office fiscal and budget teams to perform occasional internal reviews on its major fee sites. We will issue another IM that will stress how critical it is to maintain proper internal controls over cash management activities. The BLM will continue to monitor progress through evaluations and internal controls. This recommendation will be completed by May 31, 2002.

The responsible official is Henri Bisson, Assistant Director, Renewable Resources and Planning.

If additional information is necessary, please contact Lee V. Larson, Senior Outdoor Recreation Specialist, at (202) 452-5168 or Rebecca Mack, Program Management Analyst, at (202) 452-5047.

## Status of Audit Recommendations

<b>Recom</b>	<b>Status</b>	<b>Action Requested</b>
1	NPS: Management Concur; Additional Information Requested	Please provide a plan of action to implement the recommendation that includes target dates and officials responsible for developing strategies and taking action to reduce the effects of obstacles to the timely completion of Fee Demo projects.
2	NPS: Management Concur; Additional Information Requested	Please provide a plan of action to implement the recommendation that includes the target date and official responsible for amending the NPS Strategic Plan to include a goal for Fee Demo Program accomplishment related to project completion.
3	NPS: Management Concur; Additional Information Requested	Please provide a plan of action to implement the recommendation that includes target dates and officials responsible for establishing measurable Fee Demo Program goals and objectives, developing accountability standards for managers, ensuring current and accurate Program data, and monitoring Program accomplishments.
	BLM: Resolved and Implemented	No further action is needed.
4	NPS: Management Concur; Additional Information Requested	Please provide an audit program, revised Director's Order 22, and plan of action to implement the recommendation that includes target dates and officials responsible for developing new standards and protocols to require adherence to NPS guidelines for performing entrance station and campground audits, internal reviews, and employee background checks.
	BLM: Resolved and Implemented	No further action is needed.
5	NPS: Management Concur; Additional Information Requested	Please provide the clarification memorandum and a plan of action to implement the recommendation that includes the target date and official responsible for clarifying Program Project Call guidelines on the use of Fee Demo revenues for "permanent subject-to-furlough" employee salaries and for work on historical structures used for employee housing.
6	NPS: Management Concur; Additional Information Requested	Please provide the audit program requiring periodic regional monitoring of Fee Demo project expenditures, including charges to cost-of-collection accounts, to ensure expenditures comply with NPS guidelines and a plan of action to implement the recommendation that includes the target date and official responsible.

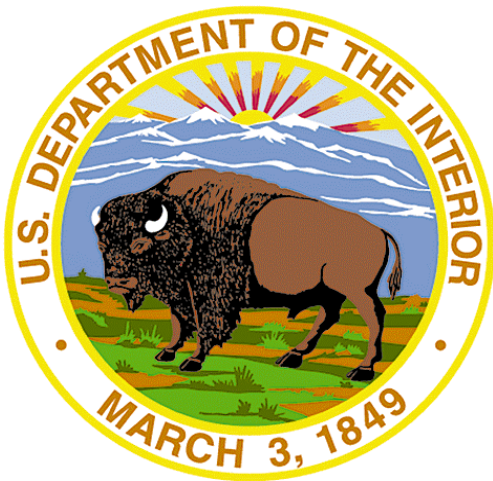
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