



# United States Department of the Interior

## Office of Inspector General

### Western Region

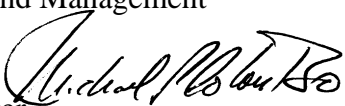
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Report No. W-VS-MOA-0002-2006

September 14, 2006

#### Memorandum

To: Assistant Secretary for Policy, Management and Budget  
(Attention: Associate Director for Finance, Policy, and Operations)  
Director, National Park Service  
Director, Bureau of Land Management

From: Michael P. Colombo   
Regional Audit Manager

Subject: Verification Review of Six Recommendations from our August 2002 Audit Report *Recreational Fee Demonstration Program, National Park Service and Bureau of Land Management* (No. 2002-I-0045)

The Office of Inspector General (OIG) has completed a verification review of the six recommendations presented in the subject audit report. The objective of the review was to determine whether the recommendations were implemented and closed, as reported to the OIG and to the Office of Financial Management, Office of Policy, Management and Budget.

#### Background

Our August 2002 audit report *Recreational Fee Demonstration Program, National Park Service and Bureau of Land Management* (No. 2002-I-0045) made six recommendations to the National Park Service (NPS) on the management of the Recreational Fee Demonstration program. Two of the six recommendations were also directed to the Bureau of Land Management (BLM).

In a May 30, 2002 response to the draft of the subject report, BLM concurred with Recommendations 3 and 4. Based on this response, we considered the two recommendations to be resolved and implemented. In a June 6, 2002 response, NPS concurred with the six recommendations. However, we determined that NPS did not provide the information necessary to consider the recommendations resolved. Accordingly, in a November 6, 2002 response, NPS provided additional information related to plans of action, target dates, and officials responsible for implementing the recommendations. On February 20, 2003, we determined Recommendation 5 to be resolved and implemented and referred

Recommendations 1, 2, 3, 4, and 6 to the Office of Financial Management for tracking of implementation. In its October 12, 2005 memorandum to the OIG, the Office of Financial Management reported that Recommendations 1, 3, 4 and 6 were sufficiently satisfied and therefore closed.

## **Scope and Methodology**

The scope of this review was limited to determining whether NPS and BLM took adequate action to implement the recommendations. To accomplish our objective, we reviewed the supporting documentation that NPS and BLM officials provided to close the recommendations. We also interviewed personnel within NPS and BLM Headquarters, regional, and field offices or parks to gather additional information on the actions taken to implement the recommendations.

We did not perform any site visits or conduct any detailed audit fieldwork to determine whether the underlying deficiencies that were initially identified have actually been corrected. As a result, this review was not conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States.

## **Results of Review**

Before addressing the results of the verification review, we note that the Recreational Fee Demonstration program legislation in place during our audit was replaced by the Federal Lands Recreation Enhancement Act, signed into law on December 8, 2004. The new Act, which covers a 10-year period, provides for a nationally consistent interagency program, additional improvements to visitor services, a new national pass for use across interagency federal recreation sites and services, and more public involvement in the program. While the legislating Act has changed, the recreational fee program still exists, and we believe the recommendations made in our report remain valid.

Our verification review found that BLM implemented Recommendations 3 and 4 and that NPS implemented Recommendations 3 and 5, but did not take sufficient action to implement Recommendations 1, 2, 4, and 6. The status of the recommendations is summarized in the Appendix.

### **Recommendation 1 (NPS): “Develop strategies and take action to reduce the effect of obstacles to timely completion of Recreational Fee Demo projects.”**

In its November 6, 2002 response, NPS stated that it requested an increase of \$10 million in fiscal year 2003 budget justifications for “Regional Facility Project Support” and that it would modify NPS policy to allow high revenue parks to use revenues to hire temporary staff for project management. Additionally, NPS would institute monthly conference calls with park and regional staff and the Deputy Director. NPS stated that concerns were being identified and coordinated among offices and dealt with in a timely manner.

In its October 12, 2005 memorandum to OIG, the Office of Financial Management reported that for Recommendation 1, NPS had completed the following actions: provided explicit guidance for the approval process; approved hiring of project management staff; implemented the change request process, cost estimating software, and a requirement that each park complete an annual Comprehensive Plan; committed to allocating revenues by the 15th of each month; and established a Banking Officer position at the NPS Accounting Office.

We obtained copies of various documents and information detailing the strategies and actions taken by NPS in its effort to remove obstacles to timely completion of fee projects. We verified NPS efforts to address litigation, cost increases, and timely allocation of fee program funds and believe these measures will aid in reducing obstacles. However, NPS has not implemented all of the tasks it reported. Specifically, NPS has not yet implemented its plan to introduce a new approval process, nor has it developed the staffing tools to aid in determining appropriate project management staffing levels. Additionally, it has not remedied the banking before obligating problem highlighted in our report. NPS stated the problem no longer exists at any park, but did not present evidence to show that the problem could not occur again in the future. Because these measures were not implemented, we have concluded that NPS had not taken sufficient actions to implement Recommendation 1 and that it should be reinstated and classified as not implemented.

**Recommendation 2 (NPS): “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.”**

In its November 6, 2002 response, NPS stated it believed project management, including project completion, was contained in Fiscal Year 2002 Strategic Plan Mission Goal IVa. Additionally, a fee project management goal would be developed for the Fiscal Year 2004 – Fiscal Year 2008 Strategic Plan. NPS stated it would develop the technical guidance to verify and validate data in the Project Management Information System (PMIS).

In its August 23, 2004 memorandum to NPS, the Office of Financial Management reported that for Recommendation 2, NPS had participated in an Interagency Fee Council meeting, which agreed to assemble an interagency work group to establish consistent evaluation guidelines and performance measures for Fee Demo projects that would integrate with goals of the Government Performance and Results Act (GPRA).

We obtained copies of various documents and information that substantiated NPS’s objective and goal setting activities for managing its recreation fee projects. We reviewed documents, including the Fiscal Year 2002 Strategic Plan goal and the Director’s Legacy Goals submitted by NPS. Although NPS has taken positive steps in managing recreation fee projects, NPS has not moved toward successful completion of fee projects by establishing a project completion goal.

We have concluded that NPS had not taken sufficient actions to implement Recommendation 2 and that it should be reinstated and classified as not implemented.

**Recommendation 3 (NPS and BLM): “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**

In its November 6, 2002 response, NPS stated it would require managers to meet GPRA goal requirements. NPS also stated it would work with a PMIS task force to update the database and provide improvements, including enhancement of the accomplishment tracking module, to ensure current and accurate program data and monitor program accomplishments.

In its October 12, 2005 memorandum to the OIG, the Office of Financial Management reported that for Recommendation 3, NPS had developed fee program work plans, which incorporated NPS Fee Study (McKinsey Report) objectives; hired an implementation manager; and created an advisory board. NPS stated it had consulted senior managers about developing specific fee program performance standards for local managers. NPS reported that it participates in the Interagency Fee Council work group, which works with other agencies to develop and implement fee program goals. NPS also stated it had implemented a comprehensive plan that included PMIS data correction, tracking, and completion reporting functions.

We obtained copies of various documents and information supporting NPS efforts to formulate recreation fee performance measures, improve PMIS data accuracy, and hire a coordinator to implement fee program recommendations made by a private consulting firm. We also verified NPS involvement in the Interagency Fee Council and the formulation and actions of work group committees.

We have concluded that NPS has taken action sufficient to consider Recommendation 3 implemented and closed.

**BLM**

In its May 30, 2002 response to the draft report, BLM stated it had developed a comprehensive formal evaluation process to assess adherence to the criteria in the Fee Demo program legislation, as well as to our findings, and a process to share best practices with other states and recreation fee sites. Additionally, BLM stated it would develop and incorporate measurable performance standards into the evaluation process.

We obtained a copy of BLM’s recreational fee demonstration management evaluation guide, copies of evaluation reports that included a “best practices” section, and a copy of a memorandum describing the inter-bureau recreation Fee Demo goals that were established.

We have concluded that BLM has taken action sufficient to consider Recommendation 3 implemented and closed.

**Recommendation 4 (NPS and BLM): “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)”**

**NPS**

In its November 6, 2002 response, NPS stated that it was revising the comprehensive Director’s Order 22 and Fee Program Reference Manual. NPS stated it would issue policy memorandums on cost-of-collection requirements and that it would conduct inventories to identify security and technology needs for fee collection facilities.

In its October 12, 2005 memorandum to the OIG, the Office of Financial Management reported that NPS had implemented this recommendation. NPS reported it had obtained funding to hire staff to help expedite the processing of background investigations for fee collectors. NPS also stated it had obtained funding to develop a comprehensive audit program that would encompass site-specific audits related to entrance and campground receipts, cash handling, budget and project expenditures, project accomplishment, PMIS data base accuracy, and collection efficiencies. NPS reported that it had conducted audits in select parks and that its regions had conducted cost-of-collection account reviews. NPS reported that 186 personnel have attended fee supervisory workshops, which included an audit module.

During our review, we obtained documents pertaining to guidance, review, comprehensive planning, and fee collection activities. We verified that NPS hired staff to help expedite processing background investigations for fee collectors and issued policy memorandums on cost-of-collection requirements. We also verified that some NPS regions had conducted reviews at park sites. However, the regions were using their own regionally developed audit program and not a comprehensive audit program developed at a national level for all regions to follow. We also found that NPS has not yet finalized Director’s Order 22, which is still being revised, as is the Fee Program Reference Manual.

Because the comprehensive audit program, Director’s Order, and Reference Manual are not yet complete, we concluded that Recommendation 4 should be reinstated and classified as not implemented for NPS.

**BLM**

In its May 30, 2002 response, BLM stated it would issue Instruction Memorandums (IM) to stress the importance of maintaining proper internal controls over cash management activities. BLM also stated it would continue to request that state office fiscal and budget teams perform occasional reviews of major fee sites.

We obtained copies of an IM and Instruction Bulletin, which discussed fee program evaluations and adherence to recreational fee collection policies, and verified the memorandums were issued and received at BLM field offices. We verified that on-site reviews conducted at BLM sites included review of cash management controls. We

concluded that BLM had taken the corrective action envisioned by this recommendation and had therefore implemented Recommendation 4.

**Recommendation 5 (NPS): “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.”**

In its November 6, 2002 response, NPS stated that it would provide revised policy guidance to clarify appropriate use of “permanent subject-to-furlough” employee salaries and work on historical structures in the next Servicewide Comprehensive Call for Projects. In a February 20, 2003 memorandum to the Director, Office of Financial Management, we determined that this recommendation was resolved and implemented.

We obtained the revised policy guidance on the Servicewide Comprehensive Call, issued January 3, 2003, and verified that the guidance clarified the appropriate use of Fee Demo revenues for “permanent subject-to-furlough” employee salaries and for work on historical structures used for employee housing. We also verified that the NPS Headquarters office sent the revised guidance to regions and parks and that the regions and parks received it. As a result, we concluded that Recommendation 5 has been resolved and implemented.

**Recommendation 6 (NPS): “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.”**

In its November 6, 2002 response, NPS stated it was establishing a 4-year program to implement a Servicewide comprehensive audit and program review process that included actions at the park, regional, and Servicewide level. NPS would develop audit/program review processes, with pilot testing in fiscal year 2003 and stratified implementation in fiscal years 2003 through 2005.

In its October 12, 2005 memorandum to the OIG, the Office of Financial Management reported that NPS regional and Headquarters offices conducted extensive reviews and approvals annually of itemized costs for all park cost-of-collection projects to ensure adherence to policy guidelines. The Headquarters office issued a memorandum requiring cost-of-collection project audits by regional budget offices to ensure that project expenses meet policy guidelines and approved amounts. The office also issued a memorandum on closeout procedures and consequences should the cost of collection projects not meet policy requirements.

We obtained copies of various documents and information from the Headquarters office, regions, and parks pertaining to regional reviews and fee workshop, collection, and comprehensive planning activities. We verified that NPS issued policy memorandums on the cost-of-collection requirements. We also verified that two regions had conducted reviews at parks using their own regionally developed audit review guidelines. NPS informed us it has not yet developed a 4-year Servicewide comprehensive audit and program review process.

Because NPS did not develop a 4-year Servicewide comprehensive audit and program review process, we have concluded that Recommendation 6 was not adequately implemented and should therefore be reinstated and classified as not implemented.

## **Conclusion**

We informed BLM officials of the results of this review at an exit conference on June 21, 2006. The officials agreed with the results of our verification review.

We informed NPS officials of the results of this review at an exit conference on July 10, 2006. NPS officials did not agree with all of the results of the verification review, specifically with the banking before obligating problem cited in Recommendation 1 and the lack of project completion goals in Recommendation 2. NPS stated it would address these issues with the Office of Financial Management. NPS should provide the Office of Financial Management with information on the actions it will perform to implement the recommendations by October 16, 2006.

## **Responding to the Report**

We request that for NPS the Office of Financial Management reinstate Recommendations 1, 2, 4, and 6 from the subject audit report as not implemented and inform us of the actions to be taken for these recommendations.

If you have any questions about this report, please contact me at (916) 978-5653.

cc: Focus Leader for Management Control and Audit Follow-up, Office of Financial Management, Office of the Assistant Secretary for Policy, Management and Budget  
Audit Liaison Officer, Department of the Interior  
Audit Liaison Officer, Assistant Secretary for Fish and Wildlife and Parks  
Audit Liaison Officer, National Park Service  
Audit Liaison Officer, Bureau of Land Management

## Status of Prior Audit Recommendations

<u>Recommendation</u>	<u>Status</u>	<u>Action Required</u>
<b>NPS</b>		
1	Not Implemented	We are requesting the Office of Financial Management, Office of Policy, Management and Budget, to reinstate the recommendation. The Director of NPS should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation
2	Not Implemented	We are requesting the Office of Financial Management, Office of Policy, Management and Budget, to reinstate the recommendation. The Director of NPS should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation.
3	Resolved and Implemented	No further action required.
4	Not Implemented	We are requesting the Office of Financial Management, Office of Policy, Management and Budget, to reinstate the recommendation. The Director of NPS should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation.
5	Resolved and Implemented	No further action required.
6	Not Implemented	We are requesting the Office of Financial Management, Office of Policy, Management and Budget, to reinstate the recommendation. The Director of NPS should provide a plan identifying actions to be taken, target dates for implementation, and titles of officials responsible for implementation.
<b>BLM</b>		
3	Resolved and Implemented	No further action required.
4	Resolved and Implemented	No further action required.