

Department of the Interior Office of Inspector General

*Partnership
Construction
Process a Positive
Step, But
Improvements
Needed in
Implementation*



Evaluation of Partnership Construction Process National Park Service

Report No. W-EV-NPS-0013-2006

March 2007

Description of Cover Photos – Clockwise from Top Right.

- View of Golden Gate Bridge from “Trails Forever” at the Golden Gate National Recreation Area.
- View of future site of Harbor Park Pavilion, Boston Harbor Islands National Recreation Area.
- View of “Trails Forever” at the Golden Gate National Recreation Area.

Photos courtesy of Office of Inspector General (OIG) Evaluator Katelyn DeMello



United States Department of the Interior

Office of Inspector General

Western Region

Federal Building
2800 Cottage Way, Suite E-2712
Sacramento, California 95825

March 22, 2007
7430

Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks

From: Michael P. Colombo
Regional Audit Manager

Subject: Final Report – *Evaluation of Partnership Construction Process, National Park Service* (Report No. W-EV-NPS-0013-2006)

Our objective was to evaluate whether the National Park Service's (NPS) Partnership Construction Process (Process) was working as intended and to identify areas for improvement. NPS established the Process during fiscal years 2004 and 2005 to address Congressional concerns over the accountability of expensive park projects constructed through partnerships with private entities or with other federal, state, or local governmental agencies. Because of its recent establishment, we evaluated Process implementation and did not conduct an in-depth evaluation of individual partnership construction projects as no project has been through the entire Process. Our evaluation of the Process revealed opportunities for NPS to take proactive steps in improving its implementation.

In fact, we found that NPS has not fully implemented the Process. For example, NPS has not yet defined what constitutes a partnership or developed a universe of partnership construction projects to ensure that all projects are identified, tracked, and reported to senior management and, as appropriate, to Congress. NPS also has not consistently prepared accurate and reliable operation and maintenance (O&M) cost estimates for partnership construction projects. We identified six suggested actions, which, if taken, should improve the accountability of partnership construction projects. The objective, scope, methodology, and prior audit coverage of our evaluation are detailed in Appendix 1. The sites visited or contacted are shown in Appendix 2.

Partnership Construction Process

NPS embraces the use of partnerships as a primary way of doing business and accomplishing its core mission, which is to preserve, unimpaired, the natural and cultural

resources of the national park system and to extend the benefits of conservation and outdoor recreation for current and future generations. Congress, however, became concerned about the estimated \$300 million cost to the government of partnership construction projects. In fiscal year 2004, Congress expressed concerns over the emergence of large, expensive NPS partnership construction projects being developed without Congressional approval. In fiscal year 2006, the Chairman of the House Appropriations Subcommittee on Interior, Environment, and Related Agencies questioned whether NPS was taking into account the full costs for partnership construction projects being considered. Congress has specifically expressed concern as to whether these projects would inevitably impact park O&M activities.

Former NPS Director Mainella stated that NPS had developed a new policy for the partnership program that would address Congressional concerns. The policy was provided to Congress in a February 2005 status report on partnership construction projects. In the report, NPS described the five-phase Process to manage, monitor, and approve partnership construction projects with a fundraising component and identified two categories of projects: (1) private-public, defined as those projects in which the non-NPS partner was a nonprofit engaged in a fundraising effort, and (2) public-public, defined as those projects in which the non-NPS partner was a federal, state, or local government agency.

The Process guides partnership construction projects from initiation through project definition, agreement, development, and implementation, as depicted in Figure 1. The Process is incorporated in the NPS Director's Order 21 on Donations and Fundraising and predominately includes partnership construction projects over \$1 million. These partnership construction projects are presented twice to the Development Advisory Board (Board), which reviews and recommends whether a project should go forward or needs additional analysis. The NPS Director approves all partnership construction projects over \$1 million; projects over \$5 million must also be approved by Congress twice during their development. The complete Process is illustrated in Appendix 3.

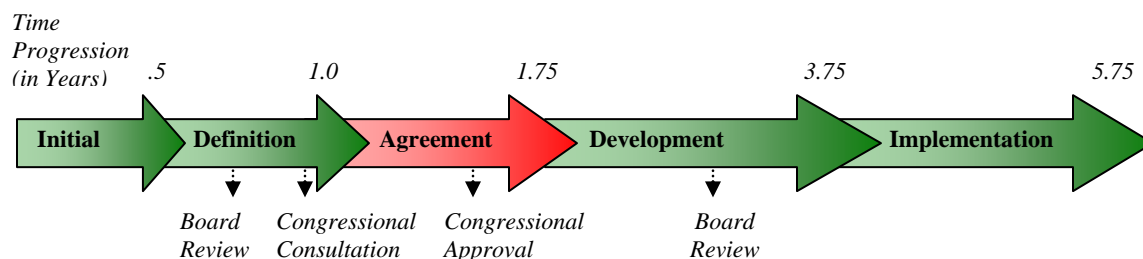


Figure 1
Partnership Construction Process

Improvements Needed in Process Implementation

While the Process represents a positive step toward addressing Congressional concerns over the accountability of expensive partnership construction projects, it has not been fully implemented. We identified the need for the following improvements:

► Establish Universe of Partnership Construction Projects

NPS has neither defined what constitutes a “partnership” nor established a universe of partnership construction projects. Thus, there is no agreement as to what type of partnership construction projects should be included in the Process and no assurance that all projects are being included. Specifically, there is inconsistency as to whether public-public partnerships should be included in the Process. In May 2004, both the Assistant Secretary for Policy, Management and Budget and the NPS Director informed the House Interior Appropriations Committee that NPS needed “to formalize and better manage the review and approval requirements for public-public partnership construction projects.” The two officials also stated that review and guidance on these projects were to be completed by September 30, 2004. This has not yet occurred.

In its February 2005 report to Congress, NPS concluded that “all partnership construction projects valued at \$500,000 or greater must adhere to the Partnership Construction Process.” However, we found that the two regions visited (the Northeast Region’s Boston Support Office and the Pacific West Regional Office) lacked criteria as to which partnership construction projects should be included in the Process. One region stated that it included any project with a fundraising or funding component, whether private or public, whereas the other region excluded projects with other federal agencies. As is apparent from these examples, the NPS position, as reported to Congress, is not consistently reflected in regional practices. Since any partnership construction project could develop significant problems, all projects should be included in the Process.

► Assess Future Impact of Partnership Construction Projects

NPS is currently unable to assess the future impact of partnership construction projects on its O&M budget because it has not consistently prepared O&M estimates and those estimates prepared were generally inaccurate and unreliable. We found that for 18 of the partnership construction projects submitted, for which estimates should have been completed, only 7 were provided. This practice is counter to the NPS staff understanding that O&M estimates were being included in the project information submitted to the Board during the development phase of the Process (Figure 1).

NPS staff told us they are generally responsible for developing in-house O&M estimates to be submitted to the Board during the planning or conceptual phase of a project, whereas estimates submitted during the development phase are typically prepared by architectural and engineering firms. NPS staff also stated that they consult with firms from the American Institute of Architects and Engineering in preparing cost estimates for larger projects; however, for smaller projects, most estimates are based on historic costs

of similar projects or on the park's experience. NPS officials stated that O&M cost estimates are often inconsistent, inaccurate, and lacking in detail.

► **Complete Tracking System**

NPS has not fully implemented its project tracking system to ensure that all partnership construction projects are identified, tracked, and reported to senior management and, as appropriate, to Congress. We found that not all projects are in the system and that the level of information provided in the system does not allow headquarters or regions to quickly determine the status of individual projects. At the time of our review, the system was not used by all regions.

Partnership construction projects are tracked through Microsoft Project by an additional feature known as SharePoint. Microsoft Project software maintains project data, such as status, description, and schedule of milestones, and the SharePoint feature acts as an electronic library to record agreements, studies, plans, and other such documents required by the Process. While this type of tracking of partnership construction projects has occurred since July 2005, at the time of our review, only half of the 32 projects identified as the project universe were actually included for tracking. The documentation available in the SharePoint electronic library for these 16 projects did not consistently include pertinent information, such as agreements, studies, or plans that had been completed. NPS attributed these deficiencies to the SharePoint feature being a work-in-progress and to staff's lack of time to input project information.

► **Streamline Review and Approval Process**

NPS is following review and approval guidelines, but field staff and partner groups have expressed concerns regarding the time-consuming nature and number of persons reviewing project documentation at the Washington level. Unlike the Board portion of the Process, which quickly yields decisions regarding partnership construction projects, the Agreement phase (Figure 1) can be lengthy because of the number of times documents go back and forth between parties and the number of persons involved in reviewing and approving project documentation. To expedite the Agreement phase and make it more partner-friendly, field staff expressed a need for flexible template provisions that could be readily adopted; notice of those offices or officials involved in Process documentation reviews; and the use of concurrent reviews, where possible. We believe that to help clarify where a partnership construction project is in the review process, a single contact person at the NPS Washington level could be identified to track projects being reviewed.

Field staff and partner groups agree that each partnership construction project and partnership is unique and that one size does not necessarily fit all. However, NPS staff expressed the need for guidelines to help determine the level of detail needed in the various documents to satisfy each Process phase and for better integration and coordination with partner fundraising efforts. One NPS official suggested that NPS

should, on a temporary basis, establish a working group of NPS staff and partners to help streamline the Process.

► **Expand Training on Process**

NPS staff have been trained on the conceptual overview of the Process, but have not received adequate training on Process procedures or guidance regarding the documentation necessary to fulfill each phase of the Process. Formal training on the Process occurs regularly as part of a larger subject matter, such as Director's Order 21 or general construction, and is directed towards park superintendents and managers. The formal training outlines the five phases of the Process and the reasons why the Process was developed. Informally and at the regional level, information is communicated through teleconferences between project managers and the Partnership Office in Washington, D.C.

After discussions with the regions, and reviewing materials used in the formal training, we concluded that NPS has made a conscious effort to inform staff of the Process concept, but could clarify what was needed to document completion of a phase. Additionally, some regional staff did not appear to know about the tracking system or the SharePoint electronic library and thus maintained files independently.

Suggested Actions

We suggest that the Assistant Secretary for Fish and Wildlife and Parks take action to:

1. Develop guidance as to what constitutes a partnership and establish a universe of all partnership construction projects.
2. Ensure that all future Board submittals contain accurate and detailed O&M cost estimates.
3. Complete entry of all projects in the NPS-developed tracking system for partnership construction projects and establish guidelines for the level of documentation to be provided for each phase of the project.
4. Develop standard agreement template(s), where applicable, and identify the officials responsible for reviewing and surnaming various types of documents.
5. Designate a single point-of-contact to track partnership construction projects through the Process.
6. Ensure that staff receives training on Process procedures and guidance on the documentation necessary to fulfill each phase of the Process.

The legislation, as amended, creating the Office of Inspector General requires that we report to Congress semiannually on all audit reports issued. We appreciate the cooperation shown by NPS and its partners during our review. A response to this report is not required. However, if you have any questions regarding the report, please call me at (916) 978-5653.

cc: Director, National Park Service

Appendix I

Objective, Scope, Methodology, and Prior Audit Coverage

Objective, Scope, and Methodology

The objective of the evaluation was to determine whether the NPS Process was working as intended and to identify areas for improvement. Specifically, we focused on the following questions:

1. Are projects being appropriately included and tracked?
2. Are O&M estimates being prepared?
3. Are proposed projects following guidelines outlined in the Process?
4. Have the regions been trained in Process implementation?

We conducted our review from September 2006 to December 2006, at various sites as shown in Appendix 2. The scope of our review covered fiscal years 2005 and 2006. We conducted our evaluation in accordance with the *Quality Standards for Inspections* as put forth by the President's Council on Integrity and Efficiency. Accordingly, we included such tests of records and other procedures that were considered necessary under the circumstances. To accomplish our objective, we conducted the following activities:

- ▶ Reviewed applicable laws, policies, and other criteria.
- ▶ Reviewed NPS documents, including financial reports, status reports, agreements with partnering organizations, and correspondence relevant to the Process.
- ▶ Interviewed NPS officials from program, regional, and park offices and officials from partnering organizations.
- ▶ Reviewed the Department's Annual Report on Performance and Accountability for fiscal years 2004 and 2005, including information required by the Federal Manager's Financial Integrity Act. We determined that none of the weaknesses reported by the Department directly related to our objective.
- ▶ Reviewed the Department's Strategic Plan and other documents prepared in accordance with the Government Performance and Results Act. There were no strategic goals directly related to the Process.

Prior Audit Coverage

Neither the OIG nor the Government Accountability Office (GAO) has audited the Process. However, topics related to park operations and partnerships were reviewed in the following GAO reports:

- ▶ March 2006, *NPS Major Operations Funding Trends and How Selected Park Units Responded to Those Trends for Fiscal Years 2001 through 2005* (GAO No. 06-431). GAO found that park units relied on volunteers and funding from authorized sources, such as nonprofit donations, to accomplish daily operational activities. This occurred because daily operation amounts for the operation of the National Park System declined in inflation adjusted terms. However, relying on such sources for operations that require long-term funding commitments is problematic. GAO recommended that NPS revise its policy to allow park units to use visitor fee revenues to the extent authorized by law. The Department generally agreed with the recommendation.
- ▶ May 2004, *National Park Service: Better Communication of Roles and Responsibilities Is Needed To Strengthen Partnership With the National Park Service* (GAO No. 04-541). GAO found that the National Park Foundation's (Foundation) efforts to assist NPS were hampered by poor communication and documentation problems. GAO recommended that NPS and the Foundation identify and document all current and future fundraising agreements and that NPS provide a list of individual park project priorities potentially fundable by nonprofits. While NPS generally agreed with the recommendations, the Foundation did not. Subsequent to the report, Congress directed NPS and the Foundation to implement all specific recommendations identified in the GAO report.
- ▶ July 2003, *Park Service: Agency Needs to Better Manage the Increasing Role of Nonprofit Partners* (GAO No. 03-585). GAO determined that NPS policies encouraged reliance on nonprofit organizations and that NPS did not have a process for holding local park managers accountable for meeting contribution goals from nonprofit organizations. GAO recommended that NPS identify the roles and responsibilities of nonprofits in providing visitor services, develop and maintain an accurate list of nonprofit groups serving the parks, and require nonprofits to report key financial information. The Department did not provide comments on the report.

Appendix 2

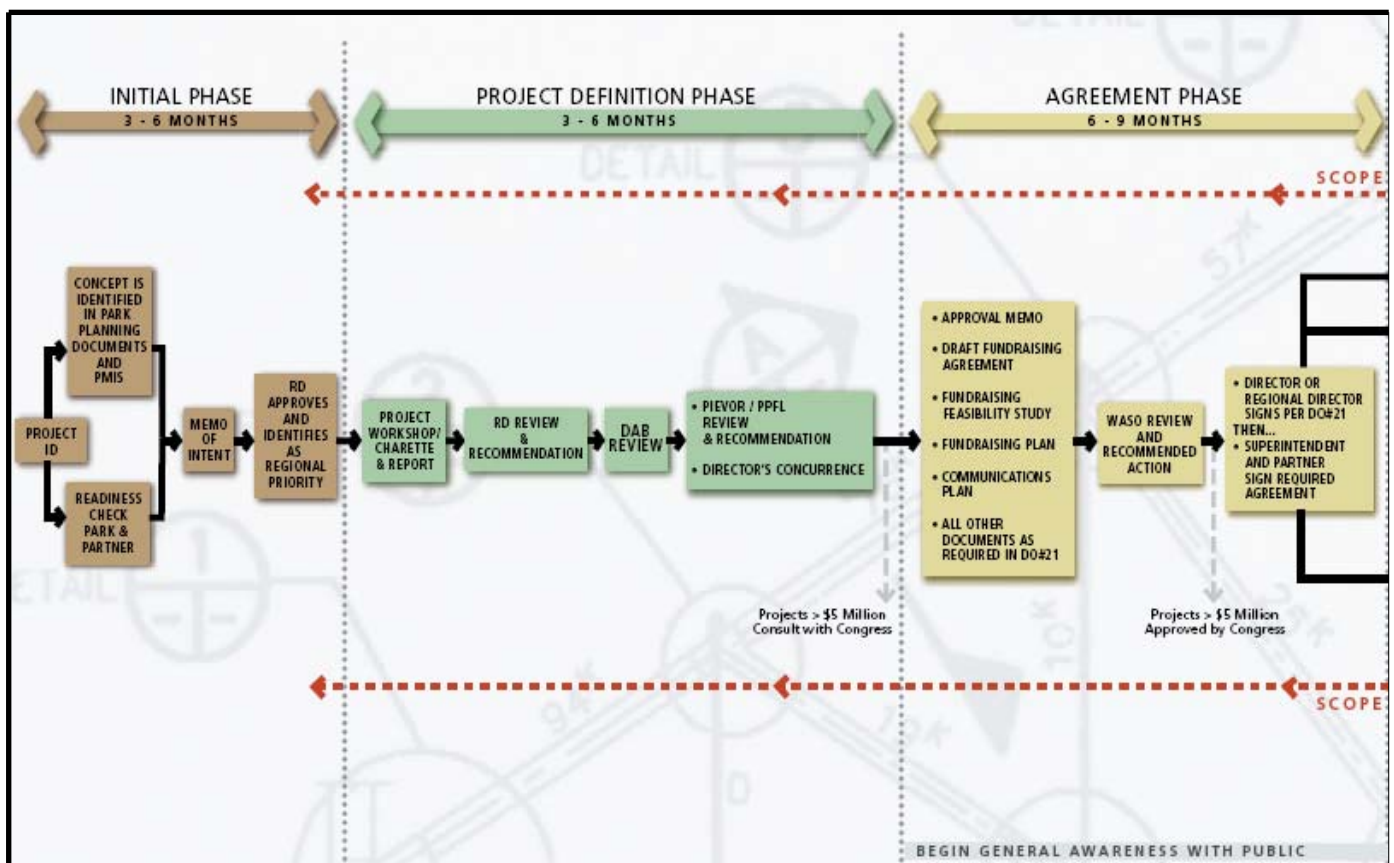
Sites Visited or Contacted

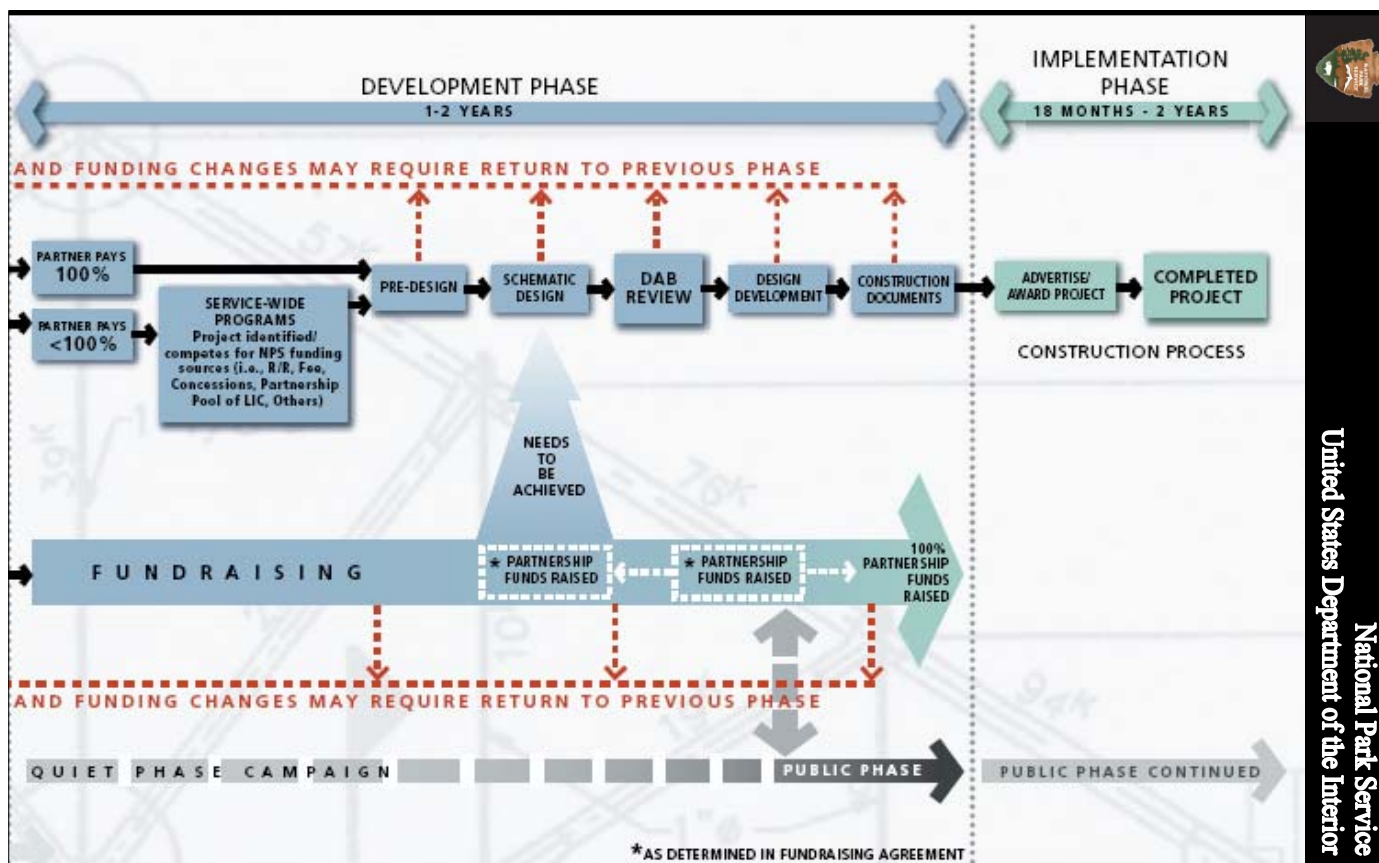
Sites National Park Service	Location
Boston Harbor Islands National Recreation Area	Boston, Massachusetts
Boston Support Office for the Northeast Region	Boston, Massachusetts
Denver Service Center*	Denver, Colorado
Golden Gate National Recreation Area	San Francisco, California
National Capital Regional Office*	Washington, D.C.
National Partnership Office	Washington, D.C.
Office of Park Planning, Facilities, and Land	Washington, D.C.
Pacific West Regional Office	Oakland, California

* Denotes site that was contacted but not physically visited.

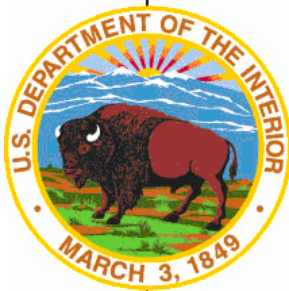
Appendix 3

Partnership Construction Process Flow Chart





Report Fraud, Waste, Abuse and Mismanagement



Fraud, waste, and abuse in government concerns everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and abuse related to Departmental or Insular area programs and operations. You can report allegations to us in several ways.



By Mail:

U.S. Department of the Interior
Office of Inspector General
Mail Stop 5341 MIB
1849 C Street, NW
Washington, D.C. 20240

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Washington Metro Area 703-487-5435

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703-487-5402

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