



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

AUDIT REPORT

DEFERRED MAINTENANCE, NATIONAL PARK SERVICE

REPORT NO. 99-I-959
SEPTEMBER 1999



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 30 1999

AUDIT REPORT

Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks

From: Robert J. Williams *[Signature]*
Assistant Inspector General for Audits

Subject: Audit Report on Deferred Maintenance, National Park Service (No. 99-I-959)

INTRODUCTION

This audit report presents the results of our review of the fiscal year 1998 deferred maintenance cost estimates prepared by the National Park Service. The initial objective of the audit was to determine whether the (1) the Park Service's estimate of deferred maintenance as reported in the note to its fiscal year 1998 financial statements was reasonable and (2) the note included the minimum information required by Statement of Federal Financial Accounting Standards No. 6, "Accounting for Property, Plant and Equipment." Because the Office of Management and Budget determined, after initiation of our fieldwork, that deferred maintenance cost estimates reported in agency fiscal year 1998 financial statements were not subject to audit, we revised our objective. As revised, our objective was to determine whether actions were needed to ensure that Park Service deferred maintenance accounting and budgetary information was current, complete, and verifiable.

BACKGROUND

According to the Park Service's Office of Facility Management, the Park Service has about 16,000 permanent structures, 8,000 miles of roads, 1,500 bridges, 5,385 housing units, approximately 1,500 water and wastewater systems, 200 radio systems, more than 400 dams, and more than 200 solid waste operations. The Park Service said that these facilities include numerous cultural historic buildings and structures, complex utility systems, and an extensive network of roads and trails that must be maintained at an operational level that ensures continued protection, preservation, and serviceability. The Park Service estimated

that, as of September 30, 1998, the total cost of deferred maintenance for these assets ranged from \$2.5 billion to \$5 billion.

In November 1995, the Office of Management and Budget and the General Accounting Office issued Statement of Federal Financial Accounting Standards No. 6. Chapter 3 of the Statement defined deferred maintenance as “maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period” and defined maintenance as “the act of keeping fixed assets in acceptable condition” and “activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.” Standard No. 6 imposed certain financial reporting requirements on Federal agencies, including the requirement that estimated deferred maintenance costs should be disclosed in the agencies’ financial statements “for fiscal years beginning after September 30, 1997.”

In May 1998, the Assistant Secretary for Policy, Management and Budget issued Department of the Interior deferred maintenance guidance in Attachment G to the document “2000 Budget Request Formulation.” The guidance provided directions to the bureaus for preparing 5-year maintenance and capital improvement plans, complying with Standard No. 6, and reviewing facilities-related information systems requirements. The guidance directed the bureaus to use the condition assessment method to identify their deferred maintenance needs. The guidance stated that condition assessments are “a complete inventory of their constructed assets [to] identify the cost of correcting the deferred maintenance needs associated with those assets” and that condition assessments should be conducted by “competent and qualified personnel using uniform, comprehensive ... criteria.” Regarding the assessments, the guidance stated, “It is understood that it will take a multi-year effort for the bureaus to accomplish complete condition assessments on all of their constructed assets.” The guidance also defined deferred maintenance as the “unfunded or otherwise delayed work required to bring a facility or item of equipment to a condition that meets accepted codes, laws, and standards and preserves the facility or equipment so that it continues to provide acceptable services and achieves its expected life.”

The Departmental guidance also discussed the information systems used to record maintenance information and described a “continuing Department-wide facilities management improvement effort” that would include a “review of maintenance data requirements, systems, and applications.” The guidance further stated that the bureaus did not have “consistent levels of deferred maintenance data in their facility management systems”; that the maintenance systems were “of varying quality”; and that deferred maintenance data systems “in some cases, need functional improvement.”

In June 1998, the Park Service distributed the Departmental guidance to all parks and attached the document “Servicewide Project Call to Support the FY [fiscal year] 2000 Budget Request, Including Identification of Projects to Support the Five-Year Maintenance and Capital Improvement Plan and Deferred Maintenance Requirement.” This document required parks to submit deferred maintenance estimates by July 15, 1998, and provided guidance on the Project Management Information System (PMIS), which is one of the

automated systems that maintain data on the Park Service's deferred maintenance needs. On October 30, 1998, the Park Service provided the Office of Inspector General information on its fiscal year 1998 estimated deferred maintenance costs (\$3.6 billion), which it reported in four asset categories: roads and bridges, employee housing, dams, and PMIS projects. The categories are described as follows:

- The roads and bridges estimate was prepared by the Department of Transportation's Federal Highway Administration, which performs condition assessments for roads and bridges and maintains documentation on the assessments.

- The employee housing estimate was prepared by the Park Service using the Department of the Interior's quarters management information system. This system contains information from park personnel on park housing conditions.

- The dams estimate was prepared by the Park Service from the current inventory and from inspection reports that field personnel had submitted to the dam safety officer.

- The PMIS estimate, according to the Park Service, contained information on the Park Service's unfunded needs that were not recorded in the other three categories.

In January 1999, the Office of Management and Budget issued a statement that agencies were required to report their fiscal year 1998 estimated deferred maintenance costs in their financial statements but for that fiscal year, the estimates would not be subject to audit. The Park Service subsequently revised its deferred maintenance estimate to between \$2.5 billion and \$5 billion.

SCOPE OF AUDIT

We reviewed the Park Service's deferred maintenance cost estimate for fiscal year 1998 as reported by the Park Service in October 1998. We conducted the audit at the locations listed in Appendix 1. To accomplish our objective, we reviewed applicable Department of the Interior, Federal Accounting Standards Advisory Board, and Park Service guidance, policies, and procedures; planning and budget documents; PMIS reports; dam project databases; information provided by the Federal Highway Administration; and available condition description and cost documentation for deferred maintenance projects reported by the Park Service.

Of the Park Service's fiscal year 1998 estimated deferred maintenance cost of \$3.6 billion, we reviewed costs of \$185.5 million. We selected for review a sample of 61 of the 4,183 deferred maintenance projects in the Park Service's PMIS database, 20 of the 131 deferred maintenance projects in its database on dams, and 61 of the 1,184 deferred maintenance projects in its database on bridges. We reviewed documentation on roads and employee housing projects, but specific road and housing projects with specific costs were not available for our review. Our review of the cost estimates is as follows:

<u>Asset Category</u>	<u>Original Amount Reported</u>	<u>Deferred Maintenance Estimated Costs Reviewed</u>
Roads	\$2,144,000,000	0 ¹
Housing	114,000,000	0 ²
Dams	72,000,000	\$41,400,000
Bridges	56,000,000	8,400,000
PMIS	<u>\$1,239,874,500</u>	<u>135,693,000</u>
Total	<u>\$3,625,874,500</u>	<u>\$ 185,493,000</u>

¹ The Park Service did not provide specific road projects with project costs for review.

² The Park Service did not provide specific housing projects with project costs for review.

Of the 61 PMIS projects reviewed, we statistically sampled 40 projects. The remaining 21 projects were judgmentally sampled because the projects were included in the Park Service's Five-Year Plan or were significant projects and 18 of the 40 statistically sampled projects were in the Five-Year Plan. Also, we conducted interviews and obtained and analyzed documentation from Park Service program personnel responsible for producing the deferred maintenance cost estimates for housing and dams and from Federal Highway Administration officials who produced the Park Service's deferred maintenance cost estimates for roads and bridges. We also visited or contacted the parks listed in Appendix 1 to review deferred maintenance projects and related documentation.

Our review was made, 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 that were considered necessary under the circumstances. As part of the audit, we evaluated the system of internal controls over the development of the Park Service's estimated deferred maintenance cost to the extent we considered necessary to accomplish the objective. We found internal control weaknesses in the Park Service's preparation, review, and approval of deferred maintenance estimates. Our recommendations, if implemented, should improve the internal controls in these areas.

In addition, we reviewed the Departmental Report on Accountability for fiscal year 1998, which included information required by the Federal Managers' Financial Integrity Act of 1982, and the Park Service's annual assurance statement on management controls for fiscal year 1998. We determined that although the Park Service reported no weaknesses within the scope of our review, the Department reported that inadequate Departmentwide maintenance management capability was a material weakness which impacted "most bureaus" and was a "mission critical weakness."

PRIOR AUDIT COVERAGE

During the past 5 years, the Office of Inspector General has issued three reports and the General Accounting Office has issued two reports regarding the Park Service's deferred maintenance. These reports are summarized in Appendix 2.

RESULTS OF AUDIT

We found that the National Park Service's deferred maintenance cost estimates were not developed in accordance with Federal accounting standards and Department of the Interior guidance and thus the Park Service had little assurance that its deferred maintenance accounting and budget data were current, complete, and verifiable. This condition occurred because the Park Service did not (1) conduct all needed assessments to identify asset conditions, (2) document its estimated deferred maintenance costs, and (3) establish adequate controls to ensure compliance with Federal and Departmental deferred maintenance guidance. As a result, the Park Service may not be able to meet Federal financial accounting standards in future years, when deferred maintenance data must be reliable for financial statements reporting purposes, and it did not have reliable data to support its fiscal year 2000 budget request for deferred maintenance funding.

Condition Assessments

The Department's fiscal year 2000 budget guidance required bureaus to conduct condition assessments to identify their deferred maintenance needs "to assure that the most critical needs are being addressed with priority in the Plan [the Department's 5-year maintenance and capital improvement plan]." To achieve Departmentwide consistency in determining the physical condition of assets, the guidance stated that a "uniform methodology and a core data set" for condition assessments were needed; the assessments should be conducted by "competent and qualified personnel using uniform, comprehensive ... criteria"; automated systems should be developed to "accurately document facilities' needs"; system data should be capable of being "easily reviewed and updated by field and regional staffs"; data should be based on documentation that includes "standard need descriptions and associated cost estimating procedures"; and bureaus should establish a "cyclic/recurring condition assessment process where on-site inspections are conducted at a minimum every five years."

Despite the Departmental guidance, we found that the Park Service had not fully conducted condition assessments or documented that they had been completed. Of the 61 PMIS projects reviewed, we found that 30 were not supported with condition assessments, 12 of the 20 dam projects included in the Park Service's listing of deferred maintenance projects were not supported with condition assessments, and none of the housing projects or road projects included in Park Service deferred maintenance project listings were supported with condition assessments. For example:

- The PMIS included a deferred maintenance project at the Petrified Forest National Park in Arizona that provided for the replacement of a water line at an estimated cost of \$6,166,000. The Park, in its response to our questionnaire, stated that a "formal condition assessment was not completed for this project."

- The PMIS included a deferred maintenance project for the George Washington Memorial Parkway in Virginia that provided for the rehabilitation of the Parkway at an estimated cost of \$85,516,000. The Park Service, however, had no detailed information on the locations at which maintenance was needed or documentation on the current conditions of the Parkway, although it provided a 10-year old engineering study of the Parkway as support for this project (with an estimated rehabilitation cost of \$95 million). Park Service officials said that some of the work included in that study had been completed but could not identify the completed work or the work that needed to be done. According to Park Service officials, the Park Service will base its estimated cost of this project on data received through the roads and bridges inventory program that is conducted by professional engineers at the Department of Transportation's Federal Highway Administration, and the project will not be included in future PMIS project listings.

- The PMIS included deferred maintenance projects to rehabilitate 84 campsites at Sequoia and Kings Canyon National Parks in California at an estimated cost of \$472,500. During our site visit to the parks, park personnel stated that there was no documented condition assessments of the work needed at the campgrounds.

For its fiscal year 1998 deferred maintenance estimate, the Park Service had not developed a condition assessment program to systematically evaluate its capital assets to determine its project repair, renewal, or replacement needs. The Park Service also had not established a standard set of criteria for evaluating asset condition, and the quality and content of its assessments varied considerably from park to park. For example, some deferred maintenance projects were documented with engineering studies and detailed industry-accepted cost estimates, while other projects had informal or no documented condition assessments.

Deferred Maintenance Cost Estimates

The Park Service did not always document the method used or the basis for its deferred maintenance estimates. As a result, we could not determine whether the estimates were current or complete or were based on reliable cost data. About 50 percent of the PMIS projects reviewed (31 of 61 projects reviewed, with estimated costs totaling \$116,571,190) were not supported with cost estimates that included detailed labor, materials, and overhead estimates; information on the sources for cost data; or the method used to develop the cost estimates. In addition, of the 20 dams projects included in the Park Service's deferred maintenance listing, we found that 17 projects, with estimated costs totaling \$41,400,000, were not supported with cost estimates that could be verified.

We found that the Park Service had not documented its cost estimates because (1) park personnel were not given sufficient time to compile the estimates and (2) it had not issued detailed guidance on how to document the estimates. Specifically, the Park Service Director issued guidance on deferred maintenance cost estimates to park managers in a June 10, 1998, memorandum, which stated that “all projects meeting these three requirements [fee demonstration projects, 5-year maintenance and capital improvement plan projects, and deferred maintenance projects] be identified and entered by July 15, 1998.” No additional implementing guidance on computing or documenting cost estimates was issued, such as guidance on whether or which direct or indirect costs should be included in the estimates and what types of supporting documentation were needed. Park managers stated that the memorandum was not issued in sufficient time to develop cost estimates because the months of June and July were their highest visitation periods and they did not have the resources to meet the requirement in such a short period of time.

Also, according to the Park Service, the reliability of the cost estimates was related to the availability of engineering, architectural, and maintenance staff in the parks. Specifically, Park Service officials said that parks with personnel in these specialties prepared more detailed and verifiable estimates than parks without these personnel. We found that 22 of the 30 supported cost estimates in the PMIS were prepared by Park Service resident engineers/ architects, by architectural and engineering firms, or by the Federal Highway Administration.

Because the Park Service did not always prepare reliable cost estimates or document the estimated costs of its deferred maintenance projects, it did not have adequate support for all projects for which funding was requested. For example, 35 of our sample items were for projects that the Park Service had included in its 5-year budget submission to the Congress. We found that the cost estimates for 19 of these projects (total cost of \$8,775,800) could not be verified because documentation was insufficient or was not provided to support these estimates.

Compliance Controls

The Park Service did not implement sufficient controls to ensure that its estimated deferred maintenance costs were determined in accordance with Federal accounting standards or Departmental and Park Service guidance. Specifically, controls were not implemented to ensure that deferred maintenance estimates were complete and accurate and that projects met the definition of deferred maintenance. For example, in its estimate for dams, the Park Service included deferred maintenance only for those dams that were considered to be the most seriously deficient in terms of maintenance. According to the Park Service's dam safety officer, the estimate did not include all dams that were in need of deferred maintenance. In addition, Park Service officials at the Western and National Capital Regions stated that deferred maintenance projects of about \$200 million submitted by field personnel were not included in the estimate because the officials had insufficient time to review the projects.

The Park Service also did not ensure that project costs were not duplicated. For example, the park superintendent at Cumberland Island National Seashore in Georgia stated that he had entered into PMIS a deferred maintenance project for the rehabilitation of multiple park buildings and that he had also entered separate projects for components of this rehabilitation project. The park superintendent said that he had made these duplicate entries to increase the chances of receiving funding for the project.

The Park Service also included projects in its deferred maintenance estimate that did not meet the definition of deferred maintenance as stated in Standard No. 6 or Departmental and Park Service guidance. For example:

- At Minuteman National Historic Park in Massachusetts, the Park Service included, as a deferred maintenance project, the replacement of a septic system at an estimated cost of \$147,800. The Park's Chief of Maintenance said that the system had exhausted its useful life, and the project description for this project indicated that the new system would be a significant upgrade. Because both Standard No. 6 and Departmental guidance define deferred maintenance as maintenance performed during the "expected life" of an asset and exclude projects that significantly upgrade or expand an asset's use, we believe that this project should not have been included in the deferred maintenance listing.

- At Indiana Dunes National Lakeshore, the Park Service included an estimate of \$75,000 for a deferred maintenance project that involved the removal of storage tanks which are not used by the Service and that presented an environmental hazard. This project, in our opinion, does not meet the standard for deferred maintenance because the work does not preserve the asset so that it continues to provide acceptable services and achieve its expected life.

We also found that the Park Service did not have controls to ensure that deferred maintenance cost estimates were accurate. For example, a spreadsheet from the Federal Highway Administration's Federal Lands Highway Office reportedly contained summary information on the Park Service's road and bridge deferred maintenance projects. From the spreadsheet, we selected for review 61 bridge repair projects at eight parks. These projects had a total estimated cost of \$8,400,00. Based on a review of detailed condition assessments from the Federal Highway Administration's Eastern Federal Lands Highway Division (the organization responsible for preparing the condition assessments of the bridges), we found that there were 70 bridges, which had estimated deferred maintenance costs totaling \$3,125,300, at the eight parks. Thus, for these items, the Park Service's deferred maintenance costs, which were based on Federal Highway Administration estimates, were overstated by about \$5.2 million. The Federal Highway Administration stated that for fiscal year 2000, it would validate deferred maintenance data on its roads and bridges to ensure that the data were reliable.

Need for Deferred Maintenance Data

We believe that the Park Service needs reliable deferred maintenance data to ensure that it (1) can comply with financial statements reporting requirements for future years, (2) can support budget requests for deferred maintenance project funding submitted to the Congress, and (3) has the information necessary to prioritize and properly manage its projects. The General Accounting Office stated in its March 1999 report "Recreation Fees Demonstration Has Increased Revenues, but Impact on Park Service Backlog is Uncertain" (No. GAO/T-RCED-99-101) that the Park Service had not developed accurate and reliable information on its total deferred maintenance needs. The report also stated that "given the substantial increase in funding that the Park Service will receive under the demonstration fee program, now more than ever the agency will have to be accountable for demonstrating its accomplishments in improving the maintenance of ... facilities with these [the fee demonstration program] additional resources." The report added that the Park Service "will need to develop more accurate and reliable information on its deferred maintenance needs and to track progress in addressing them."

Park Service Efforts

Park Service officials stated that actions are planned to provide more comprehensive condition assessments in future years. For example, according to Park Service officials, "The Park Service has since developed and tested methodology and procedures for conducting condition assessments on employee housing units. A standard set of criteria has also been established and tested on two prototype park housing condition assessment reviews. It is anticipated that these methods and criteria will be further developed for use on all National Park Service assets." Regarding funding, the Park Service, in its budget request for fiscal year 2000, requested \$2.5 million to "initiate a multi-year inventory and condition assessment [program] totaling \$25 million." Also, in addition to its appropriated funds, the Park Service has other funding that may be used for deferred maintenance. For example, in its fiscal year 2000 budget request, the Park Service stated that "funding to address maintenance needs as well as enhanced resource management and improved visitor services will also be available from the Recreation Fee Demonstration Program [which the Park Service estimated would generate fees of \$137.3 million]." Moreover, according to the Park Service, the Federal Highway Administration will provide the Park Service funding of \$165 million for road and bridge construction and maintenance in fiscal year 2000.

Recommendations

We recommend that the Director, National Park Service:

1. Establish a plan for the timely completion of condition assessments on all Park Service assets subject to deferred maintenance reporting. The plan should establish a standard set of criteria for evaluating asset condition and require that documentation on the assessments be maintained.

2. Require qualified Park Service personnel to prepare documentation to support deferred maintenance cost estimates which includes details on the material, labor, and overhead costs needed to complete the projects; the bases for these costs; and the methodology used in arriving at the cost estimates.

3. Establish a review and approval process which will ensure that all deferred maintenance estimates are complete, accurate, and current and do not contain duplicate projects.

National Park Service Response and Office of Inspector General Reply

In the September 16, 1999, response (Appendix 2) to the draft report from the Director, National Park Service, the Park Service concurred with the report's three recommendations. However, specific information on actions taken or planned, including target dates and titles of the officials responsible for implementation, was not provided (see Appendix 4).

In its response, the Park Service said that it was taking and planned to take actions to improve the reliability of its deferred maintenance data. For example, the Park Service said that its data collection and analysis process has improved with "built-in quality checks to ensure roll-ups are anchored to and based on the raw data collected at the actual road segment or bridge." Further, the Park Service said that the Federal Highway Administration is completing a review "to validate the quality of the collected data and the cost multipliers used to develop the costs at the project level." The Park Service also made general and specific comments on the report, which we considered and incorporated into the report as appropriate. The Park Service's comments and our replies to these comments are in the paragraphs that follow.

National Park Service Comment. The Park Service said that the "tone" of the report "tends to make it sound like the National Park Service has been reporting deferred maintenance for a number of years and is just not getting it right." The Park Service said that the report should "provide more emphasis on the fact that completion of condition assessments on the Service's constructed assets will be a long-term effort" because of the extensive size of the Park Service's facility inventory.

Office of Inspector General Reply. The report stated that the audit reviewed the deferred maintenance cost estimate prepared by the Park Service for fiscal year 1998. We also said that Federal agencies were first required to prepare deferred maintenance cost estimates for their-fiscal year 1998 financial statements and that the requirement for an audit of the estimate was deferred until fiscal year 1999. As such, we did not state or imply that the Park Service had prepared unreliable deferred maintenance cost estimates for financial statement reporting purposes "for a number of years." However, we did cite General Accounting Office and Office of Inspector General audit reports issued during the past 5 years (see Appendix 2) in which auditors stated that the Park Service had not prepared or maintained reliable deferred maintenance data that were needed for budgeting and operational purposes. Regarding the Park Service's request that we emphasize that condition

assessments are a “long-term effort,” we believe that our report, in describing the actions needed to improve the reliability of deferred maintenance data, recognizes that the condition assessment and cost estimation process involves considerable effort (see page 9).

National Park Service Comment. The Park Service said that we were “incorrect” in our statement that “park personnel were not given sufficient time to compile estimates.” The Park Service also said, “Where this information [deferred maintenance data] resides in electronic format, it was imported into the PMIS database, thereby minimizing the efforts of park personnel.”

Office of Inspector General Reply. Our comments on the timeliness of preparing deferred maintenance data were unrelated to the efficiency with which the Park Service recorded or entered information in its databases. Rather, our discussion of timeliness was based on comments made by personnel at the parks visited who said that they did not have sufficient time to compile detailed estimates because they were asked to provide the data during the summer months, a time during which visitation to the parks is high and staff in general are unavailable to perform additional duties.

National Park Service Comment. The Park Service recommended that the report define “an acceptable cost estimate” and the “reliability of cost estimates.”

Office of Inspector General Reply. Although Standard No. 6 and Departmental guidance do not define an acceptable cost estimate or the reliability of cost estimates, we used the following standard in evaluating cost estimates and data reliability: (1) the estimate was prepared by a technically competent staff member, (2) documentation was prepared and retained to show the basis or method used to estimate deferred maintenance costs, and (3) documentation was prepared and retained to show that a condition assessment had been performed.

National Park Service Comment. The Park Service stated that we were “incorrect” in our statement that the Park Service “did not ensure that project costs were not duplicated.” It further said that “a limited number of duplicate projects were missed.”

Office of Inspector General Reply. Our report did not discuss the “limited number” of projects that may have been “missed” during a review of items in each of the Park Service’s databases. Rather, we discussed duplicate entries that were intentionally made so that projects would more likely receive funding (based on the statement of a Park Service official who made the duplicate entries) and those that were made because the projects were inadvertently included in more than one database (for example, in PMIS and in the roads databases). To detect these types of duplicate entries, the Park Service **needs** to perform more than a cursory review of its deferred maintenance data.

In accordance with the Departmental Manual (360 DM 5.3), we are requesting a written response to this report by October 29, 1999. The response should include the information requested in Appendix 4.

Section 5(a) of the Inspector General Act (Public Law 95-542), as amended) requires the Office of Inspector General to list this report in its semiannual report to the Congress:

We appreciate the assistance of Park Service personnel in the conduct of our audit.

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LOCATIONS VISITED OR CONTACTED

BUREAU	LOCATION
National Park Service	
Park Operations and Education, Facilities Management	Washington, D.C.
<u>Parks.</u>	
George Washington Memorial Parkway	McLean, Virginia
Chesapeake and Ohio Canal National Historical Park	Sharpsburg, Maryland
Harpers Ferry National Historical Park	Harpers Ferry, West Virginia
Shenandoah National Park	Luray, Virginia
Blue Ridge Parkway	Asheville, North Carolina
Cumberland Island National Seashore	Saint Marys, Georgia
Indiana Dunes National Lakeshore	Porter, Indiana
Cuyahoga Valley National Recreation Area	Brecksville, Ohio
Gateway National Recreation Area	Brooklyn, New York
Boston National Historical Park	Boston, Massachusetts
Minute Man National Historical Park	Concord, Massachusetts
Golden Gate National Recreation Area	San Francisco, California
Point Reyes National Seashore	Point Reyes, California
Sequoia and Kings Canyon National Parks	Three Rivers, California
Biscayne National Park*	Homestead, Florida
Death Valley National Park*	Death Valley, California
Lincoln Home National Historic Site*	Springfield, Illinois
White Sands National Monument*	Holloman Air Force Base, New Mexico
Yellowstone National Park*	Yellowstone, Wyoming
Petrified Forest National Park*	Petrified Forest, Arizona
Glen Canyon National Recreation Area*	Page, Arizona
Theodore Roosevelt National Park*	Medora, North Dakota
Dinosaur National Monument*	Dinosaur, Colorado
Lava Beds National Monument*	Tulelake, California
Lake Mead National Recreation Area*	Boulder City, Nevada
Denali National Park and Preserve*	Denali Park, Alaska
Grand Teton National Park*	Moose, Wyoming
Vicksburg National Military Park*	Vicksburg, Mississippi
Natchez National Historical Park*	Natchez, Mississippi
Sleeping Bear Dunes National Lakeshore*	Empire, Michigan
Ozark National Scenic Riverway*	Van Buren, Missouri
Wupatki National Monument*	Flagstaff, Arizona
Harry S. Truman National Historic Site*	Independence, Missouri
Joshua Tree National Park*	Twentynine Palms, California
Hagerman Fossil Beds National Monument*	Hagerman, Idaho
Mount Rainier National Park*	Ashford, Washington

*Parks contacted but not visited.

Department of Transportation

Federal Highway Administration, Federal
Lands Highway Office

Washington, D.C.

Eastern Federal Lands Highway Division

Sterling, Virginia

PRIOR AUDIT COVERAGE

During the past 5 years, the Office of Inspector General has issued three reports and the General Accounting Office has issued two reports on the National Park Service's deferred maintenance.

The Office of Inspector General reports are as follows:

- The audit report "Deferred Maintenance, National Park Service, U.S. Fish and Wildlife Service, U.S. Geological Survey, Bureau of Indian Affairs, Bureau of Land Management, and Bureau of Reclamation" (99-I-874) issued in September 1999, stated that the National Park Service; the U.S. Fish and Wildlife Service, the U.S. Geological Survey, the Bureau of Indian Affairs, the Bureau of Land Management, and the Bureau of Reclamation needed to implement actions to ensure that deferred maintenance information was reliable for budgetary and accounting purposes and that neither the Department nor any of the bureaus could adequately support deferred maintenance cost estimates, which were reported to total between \$8.3 billion and \$14.4 billion as of September 30, 1998.

- The audit report "National Park Service Financial Statements for Fiscal Years 1997 and 1998" (99-I-916) issued in September 1999, identified an internal control weakness considered to be a reportable condition related to deferred maintenance. The report stated that formal policies and procedures for conducting periodic condition assessments and computing deferred maintenance funding estimates needed to be established to promote consistent and reliable deferred maintenance data.

- The March 1998 audit report "Followup of Maintenance Activities, National Park Service" (No. 98-I-344) addressed several maintenance issues, including the Park Service's discontinued use of its standardized maintenance management system, which adversely impacted the Park Service's ability to track and monitor deferred maintenance performance. The report contained four recommendations, of which one was considered resolved and three were considered unresolved. The unresolved recommendation pertaining to the Park Service's reporting its lack of a standardized maintenance management system as a material weakness may be considered resolved as a result of the Office of Policy, Management and Budget's decision to classify the lack of standardized maintenance management systems as a Departmentwide material weakness.

The General Accounting Office reports are as follows:

- The March 1999 report "Recreation Fees Demonstration Has Increased Revenues, but Impact on Park Service Backlog is Uncertain" (No. GAO/T-RCED-99-101) presented the testimony of the General Accounting Office on the Park Service's Fee Demonstration Program. The report stated that the Program "appears to be working well and meeting many of the law's intended objectives" and that the Program will provide the Park Service with a "substantial increase in funding." However, the report noted that the Park Service needed "to develop more accurate and reliable information on its deferred maintenance needs" and that the Park Service "should be held accountable for demonstrating its accomplishments in improving the maintenance of Park Service facilities with [the Fee Demonstration Program funds]."

- The May 1998 report "National Park Service Efforts To Identify and Manage the Maintenance Backlog" (No. GAO/RCED-98-143) stated that the Park Service's most recent maintenance backlog cost estimate did not accurately reflect the scope of the Park Service's maintenance needs. According to the report, \$5.6 billion of the Park Service's reported \$6.1 billion maintenance backlog was for construction projects, and \$1.2 billion, or 21 percent, of the \$5.6 billion was for expenditures "that expand or upgrade park facilities" which "go beyond what could reasonably be viewed as maintenance." The report also stated that "the absence of a common definition of what should be included in the maintenance backlog contributed to an inaccurate and out-of-date estimate" of the Park Service's maintenance needs. The report stated that to address its maintenance backlog, the Park Service needed to develop more accurate estimates of its total maintenance needs.



United States Department of the Interior

NATIONAL PARK SERVICE

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

IN REPLY REFER TO:

F73 14 (2420)

SEP 16 1999

Memorandum

To: Assistant Inspector General for Audits

From: Director

Subject : Comments on Office of the Inspector General Draft Audit Report:
E-IN-NPS-003-98(A)-M, Deferred Maintenance, National Park Service, August 1999

Attached please find the National Park Service comments on the subject report,

If you have any questions or wish to discuss this further, please contact Tim Harvey at 202/565-1250.

Attachment

**National Park Service Comments on OIG Draft Audit Report
Deferred Maintenance, National Park Service E-IN-NPS-003-98(A)-M**

General Comment:

The tone of the draft report tends to make it sound like the National Park Service has been reporting deferred maintenance for a number of years and is just not getting it right. The report fails to acknowledge that this is a new process for the entire Federal Government. Additionally the report does not recognize that this is a significant undertaking given the size of the National Park Service facility inventory. The report should provide more emphasis on the fact that completion of condition assessments on the Service's constructed assets will be a long-term effort.

Specific Comments:

Page 1-1st paragraph under Background add the sentence "These facilities, which include numerous cultural and historic buildings and structures, complex utility systems and an extensive network of roads and trails, must be maintained at an operational level that ensures continued protection, preservation and serviceability". *This addition was not made to the preliminary draft as requested, instead only the phrase "an extensive network of trails" was added to the text.*

Page 4, first footnote, after first sentence, add the following suggested wording, "Data collection and analysis processes have improved with built-in quality checks to ensure roll-ups are anchored to and based on the raw data collected at the actual road segment or bridge. This should give a sound foundation for any and all cumulative national deferred maintenance costs for the Service's 5,000 miles of paved roads, and 1,250 bridges."

Page 6, 2nd example, add the following suggested wording, "Deferred maintenance will be based on inventory collected by the Road and Bridge Inventory Programs completed by professional engineers at the Federal Highway Administration versus project submissions in PMIS.

Page 6, 4th paragraph, after the 2nd sentence add the following: "The National Park Service has since developed and tested methodology and procedures for conducting condition assessments on employee housing units. A standard set of criteria has also been established and tested on two-prototype park housing condition assessment reviews. It is anticipated that these methods and criteria will be further developed for use on all National Park Service assets." ". *while this addition is included under the "Park Service Efforts" section of the report, it should also be mentioned as previously requested in this section so that the reader understands that the National Park Service is making an effort in addressing this issue.*

Page 71st paragraph – the statement "(1) park personnel were not given sufficient time to compile estimates" is incorrect. The fact is that many of the projects had been previously identified and documented. Where this information resided in an electronic format, it was imported into the PMIS database, thereby minimizing the efforts of park personnel. *This clarification was not made to the preliminary draft as requested.*

Page 7 1st paragraph – Recommend that the report provide the definition of an acceptable cost estimate. ”. *This definition was not added to the preliminary draft as requested.*

Page 7 2nd paragraph – how does the standard define reliability of cost estimates? ”: *This definition was not made to the preliminary draft as requested,*

Page 8 1st paragraph – the statement “ The Park Service also did not ensure that project costs were not duplicated” is incorrect. Several staff members reviewed the project list. However, due to the overwhelming size of the list, a limited number of duplicate projects were missed. ”. *This addition was not made to the preliminary draft as requested.*

Page 8 2nd example – tank removal at Indiana Dunes, the preliminary draft had this tank removal project at Cuyahoga National Recreation Area for the same dollar amount. Please clarify where this project was located.

Page 8, 6th paragraph, add the following suggested wording, “ Deferred maintenance costs will be based on inventory collected by the Road and Bridge Inventory Programs. Federal Highway Administration is currently completing a review to validate the quality of the collected data and the cost multipliers used to develop the costs at the project level. The goal is to develop sound cost estimates at the project level to give strong reliability to the national roll-ups.”

The NPS concurs with recommendation #1. We also concur with recommendations #2 and #3 subject to the availability of funds for this purpose. Without the necessary funding, the NPS will be unable to implement recommendation #'s 2 and 3.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Recommendations	Status	Actions Required
1	Management concurs; additional information needed.	Provide an action plan for the timely completion of condition assessments and the establishment of a standard set of criteria for evaluating asset condition. The plan should include the target date and the title of the official responsible for implementation.
2	Management concurs; additional information needed.	Provide an action plan on the issuance of a requirement that documentation should be prepared to support deferred maintenance cost estimates. The plan should include the target date and the title of the official responsible for implementation.
	Management concurs; additional information needed.	Provide an action plan on the establishment of a review and approval process for deferred maintenance data. The plan should include the target date and the title of the official responsible for implementation.

2

**ILLEGAL OR WASTEFUL ACTIVITIES
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THE OFFICE OF INSPECTOR GENERAL**

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