

H. CARL McCALL
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

December 30, 2002

Ms. Bernadette Castro
Commissioner
Office of Parks, Recreation and
Historic Preservation
Empire State Plaza
Agency Building 1
Albany, NY 12238

Re: Report 2001-F-42

Dear Ms. Castro:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Office of Parks, Recreation and Historic Preservation (OPRHP) as of October 8, 2002, to implement the recommendations in our prior audit report, *Capital Projects Management* (Report 98-S-73) issued on December 2, 1999. In that audit we examined the systems for determining the priorities of capital projects and for managing and monitoring those projects.

Background

OPRHP is responsible for managing an array of natural and cultural resources within its 151 parks and 35 historic sites, which are located in 11 regions throughout the State. OPRHP property includes 5,000 buildings, 20 pools, 27 beaches and bathhouses, 8,731 campsites, 25 golf courses, 19 boat launching sites, 13 marinas, and 16 nature centers. It also includes hundreds of miles of roads, 1,197 miles of trails, 106 dams, and 604 bridges. About 50 percent of the buildings in the system are 40 years old or older. More than 65 million patrons visit the various parks and historic sites each year, primarily during July and August. The combination of age, heavy use, and exposure to severe weather conditions continue to exert wear on the facilities.

In the past, OPRHP had to rely on allocations from the State's General Fund for the restoration and construction of its capital projects. These funding allocations were not sufficient to keep the parks in good repair. Starting in fiscal year 1992-93, the Legislature established the State Parks Infrastructure Fund (SPIF) to provide a stable and predictable funding source for critical capital projects. SPIF is the single largest source of support for capital projects and is funded by a dedicated portion of revenues from user fees, concession revenues, and other smaller sources of revenue. It has enabled OPRHP to plan the funding of capital projects. Other sources of funding include the Environmental Protection Fund; the Clean Water, Clean Air Bond Act; the Environmental Quality Bond Act; Federal funds; special revenue funds; and legislative initiatives.

In addition, OPRHP uses concession agreements and other contracts to leverage private investment in aging facilities in return for the opportunity to operate an ongoing business that serves visitors to the parks. Officials in OPRHP's Central Office approve the capital projects to be undertaken in each of the 11 regions, and allocate the funds that pay for them. Each region has a regional capital facilities manager and a staff of engineers who are responsible for planning and overseeing the projects.

Summary Conclusions

In our prior audit, we found that OPRHP officials did not maintain documentation that indicates whether the capital projects they fund meet the most important of OPRHP's goals. In addition, officials did not document the method they used to determine how much capital project funding each region received, nor did they maintain a written record of their funding decisions. OPRHP's accounting system did not accumulate a project's costs under a single identifying code and OPRHP did not have a system to track and monitor the status of a project. Furthermore, OPRHP had not developed policies and procedures that regional staff should have followed to monitor the progress and quality of a project and to document those monitoring activities.

Our follow-up review indicated that OPRHP officials have made significant progress implementing the recommendations contained in our prior audit report. They established procedures for determining the capital project funding allocations to each region and use criteria that are consistent with OPRHP priorities. They also document funding allocations and established a new project tracking system to track project cost data, progress and inspection results. OPRHP has a draft policy and procedures manual to monitor project progress. OPRHP expects to finalize the manual in December 2002.

Summary of Status of Prior Audit Recommendations

Of the four prior audit recommendations, three were implemented and one was partially implemented.

Recommendation 1

Establish procedures showing the method for determining the regional capital project funding allocations and for ensuring that projects meet the highest current priorities, both within a region and on a statewide basis.

Status – Implemented

Agency Action – OPRHP has developed a formalized funding allocation system using weighted factors including attendance, revenue, acreage, number of buildings, and square footage. Adjustments are made based on other known factors such as construction cost variations among the regions and whether the Region has other revenue sources. Each region submits an annual plan for capital projects with the priority level for each project. The plans are reviewed by Central Office to help assure projects are properly prioritized on a regional and statewide basis.

Recommendation 2

Maintain complete and accurate records of the funding-allocation process and decisions.

Status – Implemented

Agency Action – OPRHP officials maintain records showing the funding allocation factors and final funding amount calculation for each region.

Recommendation 3

Establish a project-tracking and accounting system that will provide comprehensive information on a project's description and status, including:

- *accumulated project budget and actual costs under one project-identifying code, regardless of funding sources;*
- *the tracking of project milestones from a project's inception through its design and construction; and,*
- *documentation of the results of inspections and the reasons for project delays.*

Status – Implemented

Agency Action – OPRHP developed a new computer system to track and monitor capital projects. This system has been completed and OPRHP began to use it during the current fiscal year. Ongoing projects have been entered on the system and new projects are entered as they are initiated. The system shows all funding sources for each project, important milestone dates and project status. OPRHP officials told us that OSC expenditure data for ongoing projects not completed as of March 31, 2002 has been downloaded and entered on the system. This information is available to both Central Office and Regional Office staff. Inspection dates are recorded on the system, and hardcopy inspection reports are maintained in project files.

Recommendation 4

Establish comprehensive policies and procedures that regional capital project staff should follow to monitor the progress and quality of a project and to document their monitoring activities. Follow-up to ensure that regional staff adhere to the procedures.

Status – Partially Implemented

Agency Action – OPRHP stated that they are in the process of developing a Construction Administration and Management Manual that will provide guidance to field staff in project monitoring. Officials are modeling their manual after Office of General Services and Dormitory Authority procedures. Our review of the draft manual shows that it includes all topics raised in the audit report. However, the manual has not yet been finalized. OPRHP

officials estimate that it is 85 percent complete and expect the manual to be complete in December 2002.

Major contributors to this report were Steve Goss and Brandon Ogden.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the Office of Parks, Recreation and Historic Preservation for the courtesies and cooperation extended to our auditors during this review.

Yours truly,

Carmen Maldonado
Audit Director

cc: Deirdre A. Taylor
Gail Berley