

ALAN G. HEVESI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 2, 2004

Mr. Adrian Benepe
Commissioner
New York City Department of Parks and Recreation
The Arsenal, Central Park
New York, NY 10021

Re: Report 2003-F-56

Dear Mr. Benepe:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article 3 of the General Municipal Law, we have followed up on the actions taken by officials of the New York City Department of Parks and Recreation (Parks) to implement the recommendations contained in our audit report, *Selected Management Practices, Capital Projects Program* (Report 2000-N-3).

Background, Scope and Objectives

Parks maintains one of the oldest and largest municipal park systems in the country, with approximately 28,000 acres of parkland. Its principal mission is to ensure that the parks, beaches, playgrounds, and recreational facilities in New York City (City) are clean, safe, in good repair, and attractive; and that they provide a wide variety of recreational opportunities for the health and enjoyment of the people. To help maintain facilities in good repair, Parks occasionally collaborates with other agencies, such as the Metropolitan Transit Authority, the New York City Department of Transportation, the Landmarks Preservation Commission, and the New York City Police Department, to construct capital projects. Parks has also formed alliances with some non-profit organizations to organize clean-up and green-up events and raise funds for the maintenance and operation of the local parks.

Our initial audit report, which was issued on August 15, 2001, assessed Parks' efforts to identify capital improvement needs effectively and to establish priorities for repairs. We also assessed its monitoring of contractors working on such projects. We found that Parks did not have a formal system for identifying and prioritizing its capital improvement needs. Even though Parks does monitor contractor performance in general, we found that some of the monitoring practices it employs could use improvement. The objective of our follow-up, which was conducted in accordance with generally accepted government auditing standards, was to assess the extent of implementation, as of April 6, 2004, of the five recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that Parks has made progress in correcting some of the problems we identified. However, additional improvements are needed. Of the five audit recommendations, two recommendations have been implemented, two recommendations have been partially implemented, and one recommendation has not been implemented.

Follow-up Observations

Recommendation 1

Establish written policies and procedures showing the methodology for the selection and prioritization of capital projects so that projects of the highest current priorities are funded.

Status - Not Implemented

Agency Action - Parks officials disagree with our recommendation. They contend that the many funding sources and special circumstances under which some projects are initiated hinder the establishment of written policies or procedures dictating the highest priority or methods for selecting projects.

Recommendation 2

Prepare and maintain documentation that illustrates the process of project selection and funding decisions.

Status - Partially Implemented

Agency Action - Officials contend that project selection is based on many factors, some of which are outside Parks' control. Therefore, they do not see the need to document a decision that has been arrived at outside Parks. However, at its project scope meetings beginning in September 2001, Parks did begin to document relevant information, such as the project-funding source, that had been missing from the project documents we reviewed during our initial audit. To determine the extent of documentation that was being maintained, we reviewed two capital projects listed in the Register of Community Board projects (i.e., projects requested by Community Boards) and one project requested by the City Council. We found the documentation to be complete, including materials involving project scope and planning that our initial audit had determined were missing from the project files.

Recommendation 3

Use the results of the site inspection reports as part of the capital project planning process.

Status - Implemented

Agency Action - Our audit had found that, at times, Parks' capital planners had not received site inspection reports when project selection and prioritization was being decided. To make inspection reports available to project consultants and design staff when planning and prioritizing capital projects, Parks now posts inspection reports on its intranet site. Parks Assistant Commissioner for Capital Projects indicated that since the site inspection reports

became available on the intranet, the planners utilize them in the capital planning process. We browsed the intranet site and verified that inspection reports were being posted timely.

Recommendation 4

Avoid construction delays by obtaining permits timely.

Status - Partially Implemented

Agency Action - Parks officials plan to hire a full-time employee during 2004 whose only responsibility will be to track permits and ensure that they are obtained in a timely manner. In the interim, a Parks Engineer has been assigned this responsibility. In addition, Parks is developing a project-tracking database program that will include the permits. The program will track the permits that are needed for a project and note whether the permits have been obtained. According to officials, Parks has had just one project delay since our initial audit that occurred because a permit was not obtained on a timely basis.

Recommendation 5

Require employees to input accurate information into Vendex that reflects the work done by design consultants and an evaluation of their performance at the completion of construction projects.

Status - Implemented

Agency Action - Our audit found that contractors were not being evaluated at the completion of their projects and that interim evaluations, although completed, were not being placed in Parks' files. Parks has now developed a database for tracking the status of contractor evaluations. The database advises senior managers which evaluations have been completed and which have not been completed and thus are overdue. According to Parks officials, senior managers meet weekly to discuss the status of projects and contractor evaluations. We reviewed Parks' files for two recent projects and found that both files included contractor evaluations. Parks is not responsible for inputting information to Vendex, but does send the evaluations to the City Mayor's Office of Contracts for input to Vendex.

Major contributors to this report were John Buyce, Joel Biederman and Don Wilson.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank Parks management and staff for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Frank J. Houston
Audit Director

cc: David Stark, Chief Financial Officer, New York City Department of Parks and Recreation
George Davis, Mayor's Office of Operations