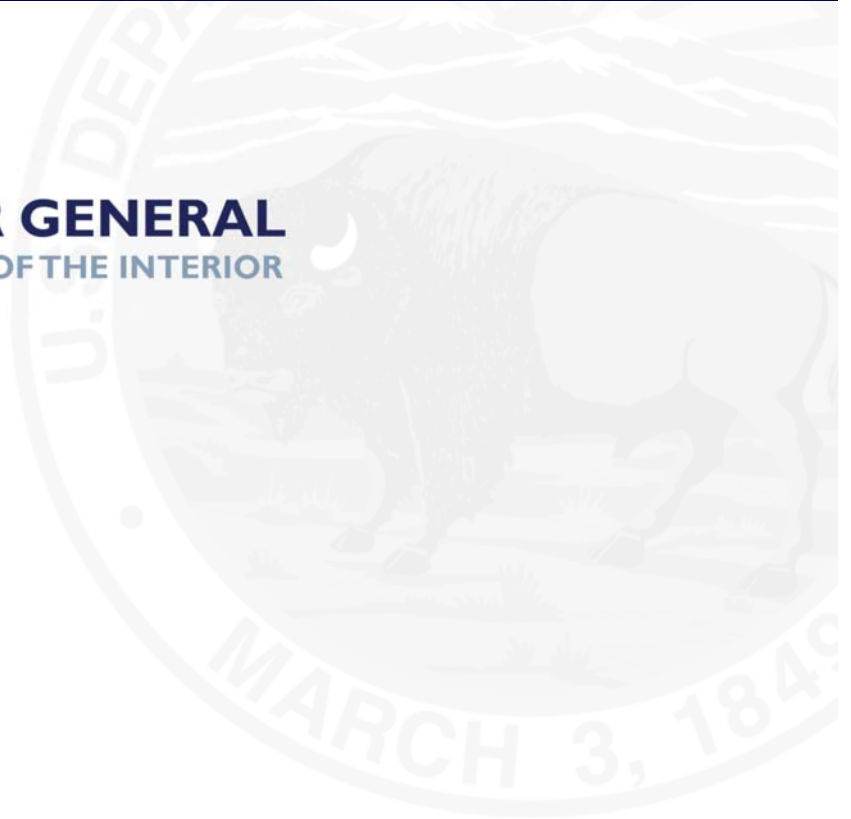




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



AUDIT OF NPS CENTENNIAL CHALLENGE PROJECT PARTNERSHIPS




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

JAN 02 2018

To: Michael Reynolds
Acting Director, National Park Service

Sue Masica
Acting Deputy Director, Operations, National Park Service

From: Mary L. Kendall 
Deputy Inspector General

Subject: Survey Report – Audit of NPS Centennial Challenge Project Partnerships
Report No. 2017-CR-044

We reviewed the National Park Service's (NPS's) Centennial Challenge (CC) projects and programs. Our objectives were to determine whether NPS 1) received and verified the full non-Federal partner match for the Centennial Challenge projects and programs, 2) managed the partner matches in accordance with the partnership agreements and applicable policies and regulations, and 3) appropriately monitored the projects and programs. Our review did not identify issues regarding these topics. Therefore, we believe that further review would not be beneficial.

Background

Our review focused on NPS Centennial Challenge projects approved during fiscal year 2012 through fiscal year 2016. We included projects approved outside of those fiscal years but completed within them. During this period, NPS approved approximately 195 projects at an estimated Federal cost of \$36 million. We reviewed 16 of these projects, which primarily involved construction (e.g., removing existing material, rehabilitating structures, or addressing accessibility issues). Five projects out of the 16, however, focused on improving public communication through internet projects, written interpretation, or student internships.

We gathered information about NPS financial systems and tested internal controls used to manage the CC projects within our scope, and considered previous Office of Inspector General audit results and a Government Accountability Office audit that essentially found the CC program worked as planned. We also looked at how the NPS verified receipt of the matching funds and how it managed and monitored the projects and the controls used to administer the program. In particular, we reviewed how NPS accounted for CC project funds by testing transactions for each reviewed project.

We visited five parks in July and August 2017 to view the 16 identified Centennial Challenge projects and to interview the staff who managed them. We also interviewed NPS

Washington Support Office (WASO) staff, Accounting Operations Center staff, and individuals associated with two NPS regional offices.

Results

We found that NPS verified that the parks received the required non-Federal match for the projects we reviewed and that it properly appropriated those project's Federal funds. We also found that NPS managed and monitored the reviewed projects according to the applicable guidance.

Matching funds verified

We learned that NPS used a multi-level process to account for contributions. This process begins when the partner either mails or hand delivers the contribution check to the park. The park deposits this check in accordance with NPS allocation policies distributed by WASO each fiscal year. Although the park could spend the contribution once it has been deposited, the park has to reimburse the funds in order to receive the Federal match. In our sample testing of transactions, we found the parks deposited checks in the correct accounts. We did not find any instances of parks spending the funds before the Federal match was released.

We reviewed how NPS accounts for the projects' Federal funds. To receive matching Federal project funds, the region has to submit a funding allocation request form to WASO. WASO staff then verify that the region has both requested the correct amount and deposited the non-Federal match in the NPS financial system. If the information is correct, WASO allocates the matching portion of the Federal project funds for park use. NPS releases these funds only after the non-Federal contribution has been deposited, the contributing partner has transferred and certified the value of donated assets, or the park has in hand an irrevocable letter of credit pledging the donation. We were able to verify that the parks deposited the contributions before WASO allocated the Federal matches, with two exceptions. These two projects began in 2008 at the start of the program and the initial funding information was not available in the current accounting system.

Managing partnership projects

We found that NPS managed projects in accordance with relevant guidance and laws. We looked at the appropriation laws for fiscal years 2015 and 2016, which state that contributions may only come in the form of cash, donated assets, or irrevocable letters of credit. Also, the contribution must represent not less than 50 percent of the cost of the project. We confirmed that the contributions received for the projects we reviewed represented at least half of the cost and were in the proper form with two exceptions. We found two projects in which the partners did not provide the full 50 percent match. These projects began in 2008 at the start of the program. NPS staff stated that not all of the financial information from their previous system transferred to the current system.

Additional guidance we reviewed included NPS Director's Order 21 (*Donations and Philanthropic Partnerships*), which requires that the Comptroller account for all monetary donations in the NPS financial system that allows accountability for individual donations. We

found that NPS kept the donated and appropriated funds in separate accounts. We asked what happened to these funds if any remained at the end of the project. An NPS official stated that parks can use the donations for the purpose(s) for which they were donated. The official also stated that typically a park and partner discuss whether the partner wants any remaining funds to go toward a similar effort at the park.

Monitoring partnership projects

In regard to monitoring, we found that NPS monitors partner matches in accordance with its contracts and agreements, as well as applicable policies and regulations. We reviewed some of the contract and agreement documents. We also interviewed several onsite staff, including a Contract Officer's Representative (COR) and a project manager assigned to specific projects, as well as met with one partner organization.

Project managers stated that they inspected and then either accepted or rejected work and materials when the contractor submitted an invoice. They also visited the site when the project ended to determine if the work met the standards established by the contract. We visited one project site in which the COR told us he rejected some of the completed work and the contractor will not receive final payment until the work passes inspection. For the completed projects, we found the work had been fulfilled as stated in the project descriptions.

In addition, we also met with one partner organization's staff who showed us the work completed and still being conducted for a digital interpretation program. We also spoke with the project site's staff. Based on our conversations and document review, we concluded that the projects we had identified were sufficiently monitored.

Conclusion

We found that NPS verified matching funds. As required, NPS released Federal funds only after the non-Federal contribution had been deposited. In addition, NPS sufficiently managed and monitored the projects we reviewed. We believe that further work in the area would not provide significant benefit.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We relied on data provided by the NPS, including information from the Comptroller's Office, the NPS' Project Management Information System, and the Department of the Interior Financial Business Management System. From our review of documents and testing, we determined that the internal controls established by the NPS to manage Centennial Challenge Project Partnerships appeared consistent with accepted standards.

Report Fraud, Waste, and Mismanagement



Fraud, waste, and mismanagement in Government concern everyone: Office of Inspector General staff, departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to departmental or Insular Area programs and operations. You can report allegations to us in several ways.



By Internet: www.doioig.gov

By Phone: 24-Hour Toll Free: 800-424-5081
 Washington Metro Area: 202-208-5300

By Fax: 703-487-5402

By Mail: U.S. Department of the Interior
 Office of Inspector General
 Mail Stop 4428 MIB
 1849 C Street, NW.
 Washington, DC 20240