

# LEGISLATIVE AUDIT DIVISION

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## MEMORANDUM

**TO:** Legislative Audit Committee Members

**FROM:** John Harrington, Senior Performance Auditor

**CC:** Martha Williams, Director, Department of Fish, Wildlife & Parks  
Beth Shumate, Administrator, Parks Division  
Angie Grove, Chair, State Parks and Recreation Board

**DATE:** April 2020

**RE:** Performance Audit Follow-Up 19SP-20: *Management of Montana's State Parks System* (17P-01)

**ATTACHMENT:** Original Performance Audit Summary

### Introduction

The *Management of Montana's State Parks System* (17P-01) report was issued to the Legislative Audit Committee in April 2018. The audit included four recommendations to the Department of Fish, Wildlife & Parks, and two recommendations to the department and the State Parks and Recreation Board. We conducted follow-up work to assess implementation of the report recommendations. This memorandum summarizes the results of our follow-up work.

### **Overview**

Our original audit found that the Parks Division had grown culturally and organizationally distant from the rest of the department. We noted a lack of oversight of the division's budget process, and learned the division lacked a system for prioritizing capital improvements and cataloging infrastructure and maintenance needs. We made recommendations to improve parks oversight, department culture, and the lands policy. Our follow-up work indicates the department and the State Parks and Recreation Board have made positive steps in addressing all six of our recommendations, with four implemented and two being implemented. The department has implemented a classification system for state parks to more consistently and efficiently guide resource allocation decisions for capital improvements as well as maintenance and operations. The Department of Fish, Wildlife & Parks has taken steps to culturally and organizationally reintegrate the Parks Division into the broader department. The State Parks and Recreation Board has strengthened its lands policy and removed inconsistency related to the disposal of park lands. The division is still without a management information system for tracking maintenance and operational needs, but has created a GIS-based database for tracking infrastructure and ongoing maintenance work. The department will be including a funding request for a department-wide (including state parks) facilities management system in its budget request to the 2021 Legislature.

### Background

The Parks Division of the Department of Fish, Wildlife & Parks manages 55 state parks across Montana, offering a variety of recreational and educational opportunities. Certain aspects of governance of the

division are the responsibility of the State Parks and Recreation Board, which was created in 2013. The division has approximately 85 employees, including 14 in Helena. The Helena staff includes a division administrator and assistant administrator, chief of operations, marketing and communications, and leadership of various parks division programs, including grant management and heritage resource management. The division is administratively divided into six regions across the state, with regional park managers in Kalispell, Missoula, Great Falls, Bozeman, Billings, and Miles City. The division has an annual operating budget of just over \$9 million. The division does not receive support from the general fund and is funded from a portion of the state accommodation use tax, interest from the Coal Severance Tax Trust Fund, a motorboat fuel tax, and the Park Miscellaneous Fund.

### **Audit Follow-up Results**

The following sections summarize the progress toward implementation of the report recommendations. In assessing the department's implementation status, we interviewed Parks Division management and the chair of the State Parks and Recreation Board as well as regional management and field maintenance staff. We reviewed board meeting agendas and minutes, along with policy changes and documents related to parks infrastructure and maintenance needs. We also reviewed internal budget documents as well as public-facing aspects of department-wide marketing and communications efforts. The following sections discuss the implementation status of each recommendation.

#### **RECOMMENDATION #1**

**We recommend the Department of Fish, Wildlife, & Parks work in consultation with the State Parks and Recreation Board to clarify and document the role, duties, and powers of the State Parks and Recreation Board to ensure a clear delineation of authority between the board and the department, seeking legislation if necessary, to better define the board's authority.**

#### ***Implementation Status – Implemented***

During audit work, we noted instances of the parks board acting on items outside of its statutory jurisdiction. For example, the board was voting to approve certain grant authorizations, when in fact these approvals were not within the board's authority. In follow-up work, we reviewed board agendas and minutes since the issuance of the recommendation and did not identify additional instances of the board acting on items beyond its purview, which is spelled out in §23-1-111, MCA. In interviews, the division administrator and board chair both said they believed additional legislation to better define the authority of the parks board was not necessary. Instead, closer attention is now paid to items brought before the board. In addition, staff indicated department legal counsel is consulted prior to each meeting to ensure each action item on the agenda falls within the board's authority.

The 2019 Legislature passed into law (House Bill 436) an increase in the size of a capital expenditure that can be made in state parks by the department without board approval, from the previous \$5,000 to \$50,000. This removes smaller capital projects from the realm of the board's approval authority. In an interview the board chair indicated the board reviews lists of sub-\$50,000 projects for informational purposes only. Individual projects with a cost of \$50,000 or more are now voted on by the board.

#### **RECOMMENDATION #2**

**We recommend the Department of Fish, Wildlife & Parks develop and implement a plan to organizationally and culturally reintegrate the Parks Division into the broader agency.**

#### ***Implementation Status – Being Implemented***

During our original audit, we noted a near decade-long erosion of the relationship between the Parks Division and the rest of the agency, symptomized by poor communication, duplicative efforts in areas such as external communications and public relations, and a general sense that parks leadership was intentionally distancing the division from the rest of the department. For example, state parks had no presence in the department's glossy magazine, and no presence on the department's promotional video channel. During follow-up work we observed several public-facing examples of implementation of this ongoing recommendation to reintegrate parks organizationally and culturally into the broader agency. State parks are represented on the department's online channel of promotional videos, and editorial content on parks regularly appears in the department's magazine, which was not the case before and during audit work.

One area in which we did not note a merging of parks with the rest of the department is on the FWP website. As was the case during audit work, "Parks" does not appear in the prominent main menu bar across the top of the page. Instead, a small and inconspicuous Montana State Parks logo on the top right of the home page, opposite this menu bar, links visitors to the state parks home page. When we inquired about this, we were told that a new website is under development for the entire department, and it is anticipated that state parks will appear as a fully integrated part of the agency on the new home page. Staff also suggested a new licensing system for the department would include functionality for parks, in the form of campsite reservations. Overall, we identified several positive steps taken by the department to be inclusive of parks and present a unified agency to the public. However, this is a long-term recommendation that will need sustained attention into the future.

### **RECOMMENDATION #3**

**We recommend the Department of Fish, Wildlife & Parks increase centralized management oversight and implement changes to agency financial management to ensure appropriated and available funds are expended as intended.**

#### ***Implementation Status – Implemented***

Our audit found that years of insufficient budget oversight at the department had allowed the Parks Division to build a fund balance of greater than \$10 million, as appropriated funds were not expended as intended. For example, the division had traditionally spent from its own funds for capital projects, but instead sought general fund dollars for projects without expending its own resources. Near the end of our audit work, the department reorganized its budget function and increased centralized management by moving all budgeting functions and budget personnel into the Budgeting Bureau in the Administrative Branch of the agency. This was done to increase oversight of each divisional budget and provide consistency in the budgeting process across the department. A follow-up review of financial documents showed fund balances back in line with historic expectations for the division.

### **RECOMMENDATION #4**

**We recommend the Department of Fish, Wildlife & Parks develop and implement a system-wide plan for regularly ranking, reviewing and documenting resource allocations for capital projects and for maintenance and operations of state parks.**

#### ***Implementation Status – Implemented***

Our original audit work found the department did not have a consistent system-wide strategy in place for the prioritization of maintenance projects, nor a strategy for allocating resources across all regions for maintenance and capital projects. In July 2019, the board approved a new classification system for state parks that guides the division's prioritization efforts for significant capital improvements and defines expectations for both the public and division staff for levels of maintenance and staffing across the portfolio of parks. This new system replaced a previous classification system in place at the time of our audit work.

The new system sorts parks both by “experience categories” and by “service level designations,” the latter of which is to provide division staff with management direction for development possibilities and capital improvement expectations. A regional park manager told us the new classification system is an improvement in that it is “inclusive rather than exclusive,” does not give the appearance of picking “winners” and “losers,” and does not call for funds to be diverted from certain parks to others. The new system provides clarity in prioritization across the system, by setting expectations for service and maintenance levels based upon categorization.

The division also developed project proposal evaluation criteria designed to measure the impact and value of various capital projects to aid in the prioritization process. These criteria include visitor/employee safety, facility state of repair, legal or code compliance, operational efficiency, and other metrics to be scored from 1 to 20. In interviews, management indicated these criteria have been used by regional park managers to rank potential projects at parks in each region around the state, with ranking ongoing at a system-wide level for prioritization in the upcoming budget cycle. A regional park manager told us while the new scoring metrics are an improvement in prioritizing projects across the state in a consistent manner, the regions need to get better at cost estimating to provide the department a more consistent and accurate picture of system-wide needs.

#### **RECOMMENDATION #5**

**We recommend the Department of Fish, Wildlife & Parks:**

- A. Implement a system to compile and use management information to better manage the maintenance and resource prioritization at state parks, and**
- B. Develop and implement a plan for gathering, maintaining and employing management information as part of an overall strategy for managing parks maintenance and capital improvement needs.**

#### ***Implementation Status – Being implemented***

During audit work, we learned that the Parks Division had spent \$100,000 on a maintenance management information system that had never been used to any real extent by the division, due to changes in division leadership and issues with training employees on the new program. In follow-up work, we learned the division eventually shelved the system, and still does not use a working inventory maintenance system. We also learned the division is working with the department on a department-wide proposal for such a facilities maintenance system that would be used throughout FWP and not solely within the parks division. Management indicated a request for such a system would be part of the department's budget request to the 2021 legislature.

In the meantime, the division has hired a facilities and assets manager, a new position responsible for facilities maintenance system wide. The employee in this new position has developed a GIS-based infrastructure inventory, geo-locating and photographing 4,500 points of infrastructure to date across the state parks system. These include public water systems, wastewater systems, structures, electrical systems, roads, and other infrastructure. According to this manager, this GIS database allows any park manager or maintenance supervisor to identify, locate, and visualize infrastructure across the state. This manager, who was previously a regional parks maintenance supervisor, believes this GIS-based database has increased efficiency by allowing staff to visualize systems and what work is or may be needed before departing for a job site. Concurrently with this ongoing database development, maintenance supervisors are developing start-up documents, winterization documents, and other records of routine maintenance tasks to be undertaken on a regular basis. These geo-located systems and related documents will be migrated to the department-wide facilities maintenance system. A regional park manager confirmed the new GIS-based database brings a level of consistency and detail to the infrastructure inventory that was lacking in the past.

**RECOMMENDATION #6**

**We recommend the Department of Fish, Wildlife & Parks work with the State Parks and Recreation Board to strengthen the board's lands policy by:**

- A. Including resource availability and the division's ability to staff and maintain state parks as criteria for when a park may be transferred; and**
- B. Eliminating the conflict in the current policy between land transfer criteria and the assertion that the State Parks and Recreation Board will not close any parks.**

**Implementation Status – *Implemented***

Original audit work identified weakness and contradiction in the board's lands policy, related to the potential divestment of park lands. We also found a lack of consideration of the sufficiency of resources when analyzing the entire portfolio of parks and the department's ability to staff and maintain them. As part of our follow-up work, we reviewed meeting minutes and decisions from the State Parks and Recreation Board as well as the board's current lands policy and determined that our two recommended changes intended to strengthen the policy had been approved by the board and are now part of the policy. The policy no longer asserts that the board will not move to close any parks. The new policy includes language related to the availability of resources and the department's ability to staff and maintain parks as factors to consider if or when the transfer of a park is under consideration.

The 2019 Legislature also enacted a new law (House Bill 585) requiring any proposed disposal of park property by the board to be approved by the Legislature. In follow-up interviews, the division administrator and board chair indicated no disposals of park acreage are contemplated at present. The board chair further noted (and meeting minutes confirmed) the division recently accepted donation of adjacent acreage at an existing state park, but did so only with the concurrent donation of \$125,000 from the donor to fund necessary improvements to the acquired property. Additional ongoing maintenance costs for the property are minimal, and no additional staffing is required.