



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

September 23, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

Dear Representative Allen:

Our Office has recently completed a 24-month followup of the Arizona State Parks Board (Board) regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in September 2012 (Auditor General Report No. 12-04). As the attached grid indicates:

- 3 have been implemented;
- 5 are in the process of being implemented; and
- 6 have not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, our Office will conduct a 36-month followup with the Board on the status of those recommendations that have not been fully implemented.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Alan Everett, Chair
Arizona State Parks Board

Bryan Martyn, Director
Arizona State Parks Board

Arizona State Parks Board

Auditor General Report No. 12-04

24-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: Actions to keep parks open in short term have generally succeeded but can be improved

1.1	The Board should continue to maintain and expand partnerships.	Implementation in Process The Board has taken steps to maintain and is reviewing options for expanding its partnerships. According to the Board, it is exploring options to expand partnerships at San Rafael, Lyman Lake, and other state parks.
1.2	The Board should assess the impact of its recent revenue-enhancement measures—including amenities added to increase revenue potential, implementation of its new reservation system, and implementation of its adjustable fee schedule—to evaluate the effectiveness of these measures and make modifications as needed based on the results.	Implementation in process According to the Board, it is studying the impact of its revenue-enhancing measures, including the implementation of its new reservation system and its adjustable fee schedule. The Board reported that it has not added any new notable amenities that would warrant such a study. Still, the Board reported that fiscal year 2014 park revenues have increased over fiscal year 2013 revenues.
1.3	The Board should continue the development of a new marketing plan and implement it when finalized.	Implemented at 24 months
1.4	The Board should implement the recommendations related to its cash-handling controls and asset inventories made in the Office of the Auditor General's June 2012 procedural review.	Implementation in process Staff at each park have developed cash-handling policies and procedures, but these policies and procedures vary widely, and some parks' policies and procedures provide more specific direction than others'. The Board reported that it plans to develop more specific agency-wide policies and procedures that it will require each park to follow unless it identifies and approves specific park exceptions and the park develops compensating controls for the approved exceptions. In addition, the Board reported that it analyzes its cash collections periodically to identify unusual variances at individual parks, but could not provide documentation to support this. Finally, the Board reported it plans to complete an inventory of its fixed assets in September 2014.
1.5	The Board should continue its efforts to improve the accuracy of its visitor counts. Specifically, the Board should develop and implement procedures for standardizing methods for counting visitors across parks, as appropriate. The Board should ensure that the park staff who are responsible for making visitor counts are trained in these new procedures.	Implemented at 12 months

Finding 2: Board should take additional actions to address long-term financial sustainability of State Parks system

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| 2.1 | <p>The Board should assess its current strengths, weaknesses, opportunities, and threats related to its financial sustainability. This assessment should include conducting park-level assessments. In conducting its park-level assessments, the Board should at a minimum assess each park's strengths, weaknesses, opportunities, and threats, as it has done in the past. In addition, it should consider conducting a more information-driven assessment similar to Georgia's model, which would provide a more detailed picture of each park's operating situation and future prospects.</p> | <p>Implemented at 12 months</p> |
| <hr/> | | |
| 2.2 | <p>The Board should develop a specific definition of financial sustainability for Arizona's State Parks and establish criteria for assessing sustainability that can provide strategic direction to board staff.</p> | <p>Not implemented</p> <p>The Board contracted with a consultant to help it explore options to address its long-term financial sustainability. The Board has received its report from the consultant, which found that implementing even an aggressive concessions development policy over the next few years would not enable state parks to be 100 percent self-sustainable. However, the Board has not yet developed a definition of financial sustainability in light of these findings that it can use to provide strategic direction to its staff.</p> |
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Recommendation

Status/Additional Explanation

2.3 To improve the long-term financial sustainability of the State Parks system, the Board should improve existing goals and objectives or develop new ones that directly address factors that affect financial sustainability. As recommended by the OSPB model-planning practices, the goals should describe the agency's desired results, and the objectives should be specific, measurable, aggressive, results-oriented, and time-bound. In addition, the Board should include park-level goals and objectives based on the individual conditions and opportunities at each park. Collectively, the Board's goals and objectives should address:

- Increasing visitors through improved marketing;
- Maintaining and expanding partnerships, including partnerships related to operations, funding, concessions, programs, marketing, and other services;
- Enhancing revenue-generating strategies, such as revenue-generating capital improvements, innovative programming and special events, and increased partnerships or concessions;
- Managing park expenses through personnel assignments and adjusted operations or service levels; and
- Seeking additional revenue sources.

2.4 The Board should develop specific strategies through action plans, marketing plans, capital improvement plans, or other plans that guide staff to achieve agency-level and park-level goals and objectives. The Board's plans should identify who is responsible for achieving action steps, when steps should be completed, and the resources needed to complete them.

2.5 The Board should ensure that it has adequate performance measures to track its progress in meeting its revised and/or new goals and objectives. Specifically, the Board should:

- a. Develop various measures to assess its performance, including input, output, outcome, efficiency, and quality measures as appropriate;
- b. Determine baseline information in order to assess future progress; and
- c. Ensure that it has reliable data for measuring progress.

Not implemented

Although the Board has taken some steps to improve its financial situation and has developed plans, such as marketing and education plans, to help it do so, it has not yet completed a comprehensive strategic plan focused on financial sustainability that includes goals, objectives, action plans, and performance measures. The Board reported it is in the process of completing a new strategic plan, which it expects to implement in June 2015. However, the Board did not provide documentation to support that development of this plan is in process.

Implementation in process

As stated in the explanation for recommendation 2.3, the Board has developed marketing and education plans. However, because the Board has not yet developed a strategic plan with agency-level and park-level goals and objectives, it has yet to develop action plans, marketing plans, capital improvement plans, and/or other plans that identify specific strategies for meeting the goals and objectives.

Not implemented

See explanation for recommendation 2.3.

Not implemented

See explanation for recommendation 2.3.

Not implemented

See explanation for recommendation 2.3.

Recommendation**Status/Additional Explanation**

2.6 Once its plans are developed, the Board should implement its plans and use its performance measures to monitor its progress toward achieving its financial sustainability goals and objectives.

Not implemented

See explanation for recommendation 2.3.

Sunset Factor #12: The extent to which the Board has used private contractors in the performance of its duties as compared to other states and how more effective use of private contractors could be accomplished

1 The Board should continue to contract with additional concessionaires where possible and cost-effective for the State and agency.

Implementation in process

The Board contracted with a consultant to help it explore options to address its long-term financial sustainability, including options for additional concessions contract opportunities. The Board has taken several steps to begin implementing the consultant's recommendations regarding concessions opportunities and plans to issue a request for proposal for a single concessionaire in December 2014.
