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**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

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DEPUTY AUDITOR GENERAL

January 19, 2016

The Honorable John Allen, Chair  
Joint Legislative Audit Committee

The Honorable Judy Burges, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Allen and Senator Burges:

Our Office has recently completed a 36-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:

- 7 have been implemented;
- 6 are in the process of being implemented; and
- 1 is not yet applicable.

According to the Board, the remaining recommendations should be implemented by December 2016. Auditors will conduct an additional followup in January 2017 to assess the Board's efforts to implement the remaining recommendations.

Sincerely,

Dale Chapman, Director  
Performance Audit Division

DC:kf  
Attachment

cc: R.J. Cardin, Chair  
Arizona State Parks Board

Sue Black, Director  
Arizona State Parks Board

# Arizona State Parks Board

## Auditor General Report No. 12-04

### 36-Month Follow-Up Report

Recommendation	Status/Additional Explanation
<b>Finding 1: Actions to keep parks open in short term have generally succeeded but can be improved</b>	
1.1 The Board should continue to maintain and expand partnerships.	<b>Implemented at 36 months</b>
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.	<b>Implemented at 36 months</b>
1.3 The Board should continue the development of a new marketing plan and implement it when finalized.	<b>Implemented at 24 months</b>
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.	<b>Implementation in process</b> The Board has implemented system-wide policies and procedures related to cash-handling controls and asset inventories. However, the Board is still in the process of implementing (1) quarterly inspections to assess compliance with cash-handling controls and (2) quarterly analysis of cash-receipt trends to identify unusual activity that may indicate potential loss of revenues.
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.	<b>Implemented at 12 months</b>

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

<p>2.1 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><b>Implemented at 12 months</b></p>
<p>2.2 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><b>Implemented at 36 months</b></p>
<p>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:</p> <ul style="list-style-type: none"> <li>• Increasing visitors through improved marketing;</li> <li>• Maintaining and expanding partnerships, including partnerships related to operations, funding, concessions, programs, marketing, and other services;</li> <li>• Enhancing revenue-generating strategies, such as revenue-generating capital improvements, innovative programming and special events, and increased partnerships or concessions;</li> <li>• Managing park expenses through personnel assignments and adjusted operations or service levels; and</li> <li>• Seeking additional revenue sources.</li> </ul>	<p><b>Implementation in process</b></p> <p>The Board has taken several steps to improve its financial situation and has developed plans, such as marketing and education plans, to help it do so. Further, at the direction of the Governor's Office, the Board has developed a "scorecard," which indicates key agency functions/goals, as well as performance measures for those goals. However, the Board has not yet completed a comprehensive strategic plan focused on financial sustainability that includes all of its agency- and park-level 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 December 2016.</p>

Recommendation	Status/Additional Explanation
<p>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.</p>	<p><b>Implementation in process</b> See explanation for recommendation 2.3.</p>
<p>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:</p> <ul style="list-style-type: none"> <li>a. Develop various measures to assess its performance, including input, output, outcome, efficiency, and quality measures as appropriate;</li> <li>b. Determine baseline information in order to assess future progress; and</li> <li>c. Ensure that it has reliable data for measuring progress.</li> </ul>	<p><b>Implementation in process</b> See explanation for recommendation 2.3.</p> <p><b>Implementation in process</b> See explanation for recommendation 2.3.</p> <p><b>Implementation in process</b> See explanation for recommendation 2.3.</p>
<p>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.</p>	<p><b>Not yet applicable</b> The Board cannot implement this recommendation until the goals, action plans, and performance measures are completed.</p>
<p><b>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</b></p>	
<p>1. The Board should continue to contract with additional concessionaires where possible and cost-effective for the State and agency.</p>	<p><b>Implemented at 36 months</b></p>