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NEWS RELEASE

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FOR RELEASE

July 31, 2018

Auditor of State Mary Mosiman today released a report on a review of the Department of Natural Resources' (DNR) monitoring and reporting of State Park improvement projects (projects) for the period July 1, 2012 through June 30, 2017. The review was conducted to determine if DNR's administration of the projects was in compliance with the *Code of Iowa*, Iowa Administrative Code, DNR policies and procedures, and construction contracts, and to determine if DNR sufficiently monitors and reports the projects.

DNR is authorized by the *Code of Iowa* to enter into contracts for construction of projects. DNR entered into contracts in fiscal years 2013 to 2017 for 245 projects totaling approximately \$39.0 million. Approximately \$36.2 of the \$39.0 million (93%) was for 121 projects in excess of \$50,000 and \$2.8 of the \$39.0 million (7%) was for 124 projects of \$50,000 or less. Contracts for the projects in excess of \$50,000 require Natural Resources Commission (NRC) approval. Examples of DNR projects include improvements to picnic areas, beaches, campground sites and cabins, shower buildings, sidewalks, parking lots, and roads.

Mosiman reported DNR's project database does not contain sufficient documentation of the project status over the life of the project for 18 of the 40 projects tested. For 3 of these 18 projects, Mosiman also reported DNR does not have sufficient documentation in project files demonstrating performance of inspections while the construction was in progress and when completed. For 1 of the 3 projects lacking inspection documentation, Mosiman reported a DNR inspector authorized a contractor to complete construction work on the \$23,500 project prior to DNR executing the contract.

Mosiman also reported DNR maintains different portions of the project monitoring documentation in multiple locations. Various aspects of project monitoring records are maintained in the project database, project files in the Des Moines office, and the inspectors' project files in the district offices. In addition, the quality and frequency of project status notes recorded in the project database is not consistent from project to project; the inspection process is informal; there is no standard format used for documenting performance of the inspections; and inspectors typically do not provide results of inspections to DNR management unless deficiencies are identified. As a result, DNR management does not have assurance the inspection procedures

are consistently performed and sufficiently documented to demonstrate the contractor completed the work in accordance with the contract.

In addition, Mosiman reported the total number of projects and different State parks provided by DNR to the NRC for its fiscal year 2015 report are understated by 2 projects and by 3 State parks. The cumulative total amount of all approved project contracts provided by DNR to the NRC for its fiscal year 2015 report is understated by approximately \$3.5 million. In addition, the amount of different State parks with projects provided by DNR to the NRC for its fiscal year 2016 report is understated by 3. The cumulative total amount of all approved project contracts provided by DNR to the NRC for its fiscal year 2016 report is understated by approximately \$1 million.

Mosiman recommended DNR officials implement procedures to ensure the inspectors consistently perform, document, and timely record in the project database construction inspection results and project construction progress to keep DNR management informed. DNR officials should also implement procedures to ensure all significant construction inspection and other monitoring documents are maintained in project files to demonstrate whether the contractor completed the project in accordance with the construction contract. Further, DNR officials should implement procedures to ensure contractors are not allowed to proceed with construction work on the projects until the contractor and DNR have signed the contract.

Mosiman also recommended DNR implement a documented project inspection process including standard procedures and a detailed inspection form to help improve project monitoring efficiency and effectiveness; maintain in the project database significant monitoring documents; and consider requiring inspectors to timely scan and upload to the project database monitoring documents to facilitate availability of project inspection and monitoring records for management oversight.

In addition, Mosiman recommended DNR consistently maintain detailed supporting documentation which supports the amounts provided to and reported by the NRC, and in conjunction with the NRC, clearly define the intent and types of information the NRC desires to present in the annual report.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1760-5420-B0P1>.

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**REPORT ON A REVIEW OF
STATE PARK IMPROVEMENT PROJECTS
ADMINISTERED BY THE DEPARTMENT OF NATURAL RESOURCES**

**FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2017**

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Auditor's Transmittal Letter

To the Governor, Members of the General Assembly,
Members of the Natural Resource Commission,
and the Director of the Department of Natural Resources:

In conjunction with our audit of the financial statements of the State of Iowa and in accordance with Chapter 11 of the *Code of Iowa*, we have conducted a review of the Department of Natural Resources' (DNR) monitoring and reporting of State Park improvement projects (the projects) for the period July 1, 2012 through June 30, 2017. We reviewed the projects to determine whether DNR has implemented and performs sufficient procedures to ensure effective monitoring and reporting of the projects in compliance with applicable sections of the *Code*, the Iowa Administrative Code (Administrative Rules), DNR policies and procedures, and the contracts.

In addition, we reviewed whether DNR maintains and periodically updates a prioritized projects plan and whether the information reported by DNR to the Legislative Services Agency and the Department of Management in the Infrastructure Funds Status Report and reported by the Natural Resource Commission (NRC) to the Governor and the Legislature as part of DNR's annual report is sufficiently supported. In conducting our review, we performed the following procedures:

- (1) Reviewed applicable sections of the *Code of Iowa*, Administrative Rules, and DNR policies and procedures for the projects to gain an understanding of how the projects are administered, monitored, and reported.
- (2) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Determined if DNR complied with funding or allocation requirements established by the *Code of Iowa* for the projects.
- (4) Tested selected projects for the period July 1, 2012 through June 30, 2017 to determine if the projects complied with applicable sections of the *Code of Iowa*, Administrative Rules, DNR policies and procedures, and construction contracts, including the award process, inspections, monitoring, and reporting.
- (5) Visited several of the selected projects to verify existence and evaluate the reasonableness of the in progress or completed projects compared to the contracted work.
- (6) Assessed DNR's monitoring procedures for the projects and tested selected projects to determine if monitoring was performed in accordance with DNR's policies and procedures.
- (7) Examined reports completed by DNR and the NRC for the projects to determine compliance with applicable sections of the *Code of Iowa* and to determine whether the reports are sufficiently supported.
- (8) Evaluated the efficiency and effectiveness of DNR project monitoring, and summarized findings and recommendations based on the results of performing the above procedures.

Based on these procedures, we determined DNR entered into contracts in fiscal years 2013 to 2017 for 245 projects totaling approximately \$39.0 million. Approximately \$36.2 of the \$39.0 million (93%) was for 121 projects in excess of \$50,000 and \$2.8 of the \$39.0 million (7%) was for 124 projects of \$50,000 or less. Contracts for the projects in excess of \$50,000 require Natural Resources Commission approval.


We determined DNR's project database does not contain sufficient documentation of the project status over the life of the project for 18 of the 40 projects tested. For 3 of these 18 projects, DNR did not maintain sufficient documentation demonstrating performance of inspections while the construction was in progress and at completion. For 1 of the 3 projects lacking inspection documentation, we determined a DNR inspector authorized a contractor to complete construction work on the \$23,500 project prior to DNR executing the contract. The contract was not signed by the contractor until 50 days after the project was completed and was not approved by DNR until 85 days after the project was completed.

We also determined DNR does not maintain project monitoring documentation in a centralized location. Various aspects of project monitoring records are maintained in the project database, project files in the Des Moines office, and the inspector project files in the district offices. We also determined the quality and frequency of project status notes recorded in the project database are not consistent from project to project, the inspection process is informal, there is no standard inspection form, and inspectors do not routinely provide inspection results to DNR management unless deficiencies are identified. As a result, there is no assurance the inspection procedures are consistently performed and sufficiently documented to ensure the contractor completed the work according to the contract.

In addition, we determined the total number of projects and different State parks provided by DNR to the NRC for its fiscal year 2015 report are understated by 2 projects and by 3 State parks. The cumulative total amount of all approved project contracts provided by DNR to the NRC for its fiscal year 2015 report is understated by approximately \$3.5 million. In addition, the amount of different State parks with projects provided by DNR to the NRC for its fiscal year 2016 report is understated by 3. The cumulative total amount of all approved project contracts provided by DNR to the NRC for its fiscal year 2016 report is understated by approximately \$1 million.

Based on these procedures, we identified findings regarding project monitoring and reporting we believe should be considered by the Department of Natural Resources, members of the Natural Resources Commission, the Governor, and the General Assembly. The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards.

We extend our appreciation to the personnel of the Department of Natural Resources for the courtesy, cooperation, and assistance provided to us during our review.


MARY MOSIMAN, CPA
Auditor of State

June 11, 2018

Report on a Review of the
Monitoring and Reporting of State Park Improvement Projects
Administered by the Department of Natural Resources

Introduction

The Legislature appropriated to the Department of Natural Resources (DNR) from the Rebuild Iowa Infrastructure Fund (RIIF) \$5 million each fiscal year from 2013 through 2016, and \$3 million for fiscal year 2017 to upgrade aging and deteriorating infrastructure in the State parks system. From fiscal year 2013 to 2017, DNR entered into contracts for 245 State Park improvement projects (projects) totaling approximately \$39.0 million. Approximately \$36.2 of the \$39.0 million (93%) was for 121 projects in excess of \$50,000 and \$2.8 of the \$39.0 million (7%) was for 124 projects of \$50,000 or less. The funds received from the RIIF are the primary source of funds used for the projects. In addition, DNR funds the projects as needed using other appropriate sources, such as the Park and Institutional Road Fund, Marine Fuel Tax Fund, local funds, contributions from other entities, the Clean Water State Revolving Fund, and federal grants.

In accordance with section 26.3 of the *Code of Iowa (Code)*, if the estimated total cost of a public improvement exceeds the threshold of \$100,000, a competitive sealed bid process must be used for the award of a construction contract. In administering the projects, DNR also follows the requirements of Chapter 573 of the *Code* regarding labor and material on public improvements. In addition, DNR established procedures in 561 Iowa Administrative Code Chapter 8 (Administrative Rules) which apply to all contracts for public improvements (improvement project rules). The improvement project rules require projects which exceed \$100,000 to utilize the competitive bid process and projects in excess of \$50,000 must be approved by the Natural Resources Commission (NRC).

Although the competitive bid threshold required by the *Code* is \$100,000, to be conservative, DNR established in its guidelines a competitive bid threshold for projects with an estimated total cost above \$85,000. The DNR guidelines classify projects with an estimated total cost above \$85,000 as major projects and projects estimated at \$85,000 or less as mini projects. In addition, DNR guidelines require contracts for major projects are awarded using the competitive sealed bid process prescribed by the *Code*. DNR may utilize either a competitive quotation process or the competitive bid process for mini projects. Depending on the amount of the accepted bid, mini projects may or may not require NRC approval. Like the major projects, all mini projects in excess of \$50,000 must be approved by the NRC.

Major projects require a full set of plans and specifications in conjunction with the contract. The contract form used by DNR for mini projects is a simplified form of the contract used for major projects. The plans and specifications for a mini project may be less formal than what is documented for a major project. Plans for a mini project do not have to accompany the contract as long as the scope of work is defined in the contract specifications. Examples of DNR projects include improvements to picnic areas, beaches, campground sites and cabins, shower buildings, sidewalks, parking lots, and roads.

The Parks and Preserves Bureau (Parks Bureau), the Engineering Services Bureau (Engineering Bureau), and the Budget and Finance Bureau (Finance Bureau) of DNR are responsible for the planning, administering, and monitoring of the projects. The construction oversight roles and responsibilities of each bureau are summarized as follows.

- The Parks Bureau is responsible for oversight of the plan for the projects, the prioritization of the projects, and periodic updates to the prioritized State Park improvement project plan.

- The Engineering Bureau is responsible for the administration and monitoring of the projects including planning and development; engineering surveys; professional engineering and architectural design services; contract administration; project management and monitoring; construction inspection; and project reporting. The Engineering Bureau designs most projects in house, but occasionally enters into a contract for design consulting services.
- The Finance Bureau provides accounting and budgeting support to DNR staff involved in managing and monitoring the projects.

The focus of this report is on DNR's administration, monitoring, and reporting of the projects.

Objectives, Scope and Methodology

Our review was conducted to determine whether:

- DNR has implemented sufficient policies and procedures to ensure effective project monitoring and reporting.
- DNR maintains and periodically updates a prioritized projects plan.
- DNR sufficiently monitors the projects to ensure contractors complete the projects according to the contract, the project plan, and the relevant laws, Administrative Rules, and DNR guidelines.
- The information reported by DNR to the Legislative Services Agency and the Department of Management in the Infrastructure Funds Status Report and reported by the Natural Resource Commission (NRC) to the Governor and the Legislature as part of DNR's annual report is sufficiently supported by project records.

To gain an understanding of DNR monitoring and reporting of the projects, we:

- Reviewed applicable sections of the *Code of Iowa*, Administrative Rules, and DNR policies and procedures to gain an understanding of how the projects are administered, monitored, and reported.
- Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- Determined if DNR complied with funding or allocation requirements established by the *Code* for the projects.
- Tested selected projects for the period July 1, 2012 through June 30, 2017 to determine if the projects complied with applicable sections of the *Code of Iowa*, Administrative Rules, DNR policies and procedures, and construction contracts, including the award process, inspections, monitoring, and reporting.
- Visited several of the selected projects to verify existence and evaluate the reasonableness of the in-progress or completed projects compared to the contracted work.
- Assessed DNR's monitoring procedures for the projects and tested selected projects to determine if monitoring was performed in accordance with DNR's policies and procedures.
- Examined reports completed by DNR and the NRC for the projects to determine compliance with applicable sections of the *Code of Iowa* and to determine whether the reports are sufficiently supported.
- Evaluated the efficiency and effectiveness of DNR project monitoring, and summarized findings and recommendations based on the results of performing the above procedures.

Project Administration

As previously stated, DNR follows the public construction bidding requirements established by Chapter 26 of the *Code* including a competitive process for the award of contracts to the successful bidder and the requirements of Chapter 573 of the *Code* regarding labor and material on public improvements. DNR also implemented improvement project rules for contracts in Chapter 561-8 of the Administrative Rules, and contracting guidelines. In addition, DNR requires staff responsible for administering the projects to follow the relevant procedures established by the Department of Administrative Services in Chapters 11-117, 11-118, and 11-119 of the IAC regarding procurement of goods and services of general, purchasing standards for service contracts, and purchasing standards for service contracts.

The Parks Bureau, the Engineering Bureau, and the Finance Bureau are responsible for the planning, administering, and monitoring of the projects. The project oversight roles and responsibilities of each bureau are as follows.

The Parks Bureau is responsible for oversight of the plan for the projects, the prioritization of the projects, and periodic updates to the prioritized State Park improvement project plan. The Capital Projects plan for State Parks is a 5-year plan (5-year capitals plan) based on an inventory of all State Park infrastructure assets located throughout the State. The inventory includes the description, condition, age, and a summary of what it would take to bring the asset back to good condition. The 5-year capitals plan is updated annually and is provided to the management staff of DNR's Conservation and Recreation Division (CRD). The CRD submits to the Department of Management (DOM) the entire DNR capital plan. Priorities are adjusted as needed based on input from DOM and the Legislature.

The Engineering Bureau (Engineering) is responsible for the administration and monitoring of the projects including planning and development; engineering surveys; professional engineering and architectural design services; contract administration; project management and monitoring; construction inspection; and project reporting. The Engineering staff consists of a Bureau Chief, an Engineering supervisor, 5 civil engineers, 1 licensed architect, 1 design technician/surveyor, and an engineer located throughout the State in each of DNR's 6 districts. The 6 engineers act as inspectors of the construction contracts. Engineering designs most projects in-house, but occasionally enters into a contract for design consulting services. DNR limits contracting with outside engineers and surveyors to when expertise is needed beyond the qualifications of the Engineering staff.

In addition, Engineering implemented project management guidelines which include definitions of project management roles and responsibilities and procedures which must be followed by staff responsible for the administration, project management, and construction oversight of the projects as follows.

- design procedure,
- bidding process,
- managing and monitoring the projects,
- executing and approving contracts and change orders,
- approval and tracking of actual compared to budgeted contractor payments,
- project construction inspections, and
- project close-out procedures.

Engineering's 6 inspectors represent DNR in the inspection of all materials used in and all work done under the contracts. The inspectors periodically visit projects in progress and when completed to inspect the work completed by the contractors. The purpose of the inspection is to determine whether the work is completed in accordance with the contract. The inspectors are

supposed to document in the Engineering's online project database and the district project files their construction monitoring and inspection results each time they visit a project site. In addition, the inspectors must keep Engineering management staff informed of the project's status and the manner in which it is being performed by the contractor. The amount of the work and the sufficiency of the quality of work completed by the contractor must be verified by the inspector prior to submitting payment requests to Engineering management for approval.

The Finance Bureau provides accounting and budgeting support to DNR staff involved in managing and monitoring construction contracts, as follows.

- Determines whether and what funding is available for the projects.
- Reviews and verifies all payment requests to ensure the request is appropriate for the project and reconciled by comparing all payments requested to the actual payments made under the projects.
- Creates and provides to Engineering the Capitals report which is used to track the project budgets and expenditures by funding source, appropriation unit, and cost center. In addition, Finance Bureau staff includes in the Capitals report comments to record the project number(s) as related to the expenditures recorded to each cost center and records in comments the date the project(s) was approved by the NRC.

Funding – As previously stated, the Legislature appropriated to DNR from the RIIF \$5 million each fiscal year from 2013 through 2016, and \$3 million for fiscal year 2017 for the projects. Although the projects are primarily funded by State appropriations from the RIIF, DNR is authorized by relevant sections of the *Code* and federal regulations to use additional funds as needed, such as the Park and Institutional Road Fund, the Marine Fuel Tax Fund, the Clean Water State Revolving Fund, and federal grants.

In accordance with section 8.57(5)(h) of the *Code*, on or before January 15 of each year, a State agency that received an appropriation from the RIIF must report to the Legislative Services Agency (LSA) and DOM the status of all projects completed or in progress. The report must include a description of the project, the progress of work completed, the total estimated cost of the project, a list of all revenue sources being used to fund the project, the amount expended, the amount of funds obligated, and the date the project was completed or an estimated completion date of the project, where applicable.

Because DNR receives an annual appropriation from the RIIF for State Park infrastructure improvements, DNR submits to LSA and DOM an infrastructure funds status report. DNR's report includes the status of the use of RIIF appropriations received in multiple fiscal years and additional funds recorded in the Iowa Infrastructure account of the State's financial system as of December 31st. The funds expended amount in the report is based on the amount of the appropriation used, including carry-forward amounts from prior years. We reviewed information recorded in the State's financial system and verified DNR's reconciliation of the amounts in the infrastructure funds status report to the appropriation balance recorded in the State's financial system as of December 31, 2016.

According to the infrastructure funds status report guidance provided by LSA to DNR, agencies receiving a RIIF appropriation may report the status for each project or appropriation. DNR chose to report the status of the use of the RIIF appropriation, which is called "State Park Infrastructure" in the report.

DNR does not include in the infrastructure funds status report a list of all revenue sources being used to fund the project. Rather, DNR reports the total additional funding used for the project based on the amounts recorded in the Iowa Infrastructure account in the State's financial system as of December 31. According to a representative of DNR, DOM and LSA have not provided feedback that they want the other revenue sources comprising the additional funding in the report broken down. In addition, the representative of DNR stated a copy of the Capitals report is

provided to DOM and LSA each month, which provides the information on the use of other revenue sources for all of the projects.

Table 1 summarizes the State Park Infrastructure appropriation amounts reported by DNR to LSA and DOM in its December 31, 2016 annual infrastructure funds status report.

Table 1

Appropriated for Fiscal Year	Total Estimated Cost	Additional Funding	Funds Expended	Funds Obligated	Estimated Completion Date
2013	\$ 5,000,000	375,199	5,375,199	-	Complete
2014	5,000,000	247,074	5,247,074	-	Complete
2015	5,000,000	1,825,034	6,825,034	-	Complete
2016	5,000,000	1,048,116	3,851,223	2,196,893	June 2019
2017*	3,000,000	-	-	3,000,000	June 2020
Total	\$ 23,000,000	3,495,423	21,298,530	5,196,893	

* As of December 31, 2016

The **Table** demonstrates, as of December 31, 2016, DNR used or planned to use all of the State funds appropriated from the RIIF for fiscal years 2013 through 2017 and additional funding for the projects. The reported amounts summarized in the **Table** only include the activity recorded by DNR in the Iowa Infrastructure account in the State's financial system. The sources of the \$3.5 million additional funding recorded in the Iowa Infrastructure account consists of approximately \$1.5 million of federal grants and approximately \$2 million of other funding sources such as local funds, contributions from other entities, State recreational grant funds from the Department of Transportation, and the Clean Water State Revolving Fund.

When additional funds are needed to pay for the projects, DNR identifies appropriate and available funds and records by funding source in its Capitals reports the amount of additional funds used for the projects. To identify and summarize the total amount spent for the projects, we reviewed expenditures recorded in the fiscal years 2013 through 2017 Capitals reports. **Table 2** summarizes by fiscal year and funding source the total amount spent on the projects in fiscal years 2013 through 2017.

Table 2

Funding Source	Fiscal Year Ended June 30					Total
	2013	2014	2015	2016	2017	
State appropriations*	\$ 6,304,682	4,501,872	4,811,787	5,108,929	1,589,895	22,317,165
Park and Institutional Road Fund	610,723	105,559	1,394,601	2,723,500	1,094,302	5,928,685
Marine Fuel Tax	246,370	193,435	1,235,615	1,182,969	774,507	3,632,896
Other	629,148	48,629	1,170,383	392,108	316,928	2,557,196
Federal grants	477,814	250,718	618,495	903,349	143,781	2,394,157
Total	\$ 8,268,737	5,100,213	9,230,881	10,310,855	3,919,413	36,830,099

* The total State appropriations spent do not agree with the total funds expended amount in **Table 1** because the annual infrastructure funds status report includes information as of December 31, 2016 while amounts in this **Table** are as of June 30 of each fiscal year.

As shown by the **Table**, DNR spent approximately \$36.8 million for the projects in fiscal years 2013 through 2017. Of the \$36.8 million spent, \$22.3 million (61%) is from State appropriations; \$5.9 million (16%) is from the Park and Institutional Road Fund; \$3.6 million (10%) is from Marine Fuel Tax; \$2.6 million (7%) is from other funding sources, such the local funds, contributions from other entities, and the Clean Water State Revolving Fund; and \$2.4 million

(6%) is from federal grants **Schedule 1** summarizes the total spent by DNR for each project in fiscal years 2013 through 2017.

Project planning, award, and approval process – According to a representative of DNR, the project planning process is initiated through communications between various DNR bureaus and the Engineering Bureau. The Engineering management staff frequently communicate with and provide services to management staff of other bureaus desiring to have a project completed. For example, Engineering works with the Parks Bureau to gain an understanding of the project goals for the purpose of preparing a project plan that meets the construction goals and requirements. As projects begin the design phase, Engineering works with the Parks Bureau and the Finance Bureau to develop the most effective project plan within the current fiscal constraints. Once the project plan is finalized and initially approved for funding, DNR plans and executes a competitive process to select a contractor for the project.

DNR includes in the project budget a total which is 30% higher than the estimated construction cost to provide for a 10% contingency fund as well as to provide 20% for DNR overhead costs. According to a representative of DNR, for a construction project estimated to cost \$100,000, the total project budget would be \$130,000, consisting of the \$100,000 estimated construction cost, 20% or \$20,000 for DNR overhead costs, and 10% or \$10,000 for construction contingencies. The construction project bidding is based on the \$100,000 estimated construction costs which must be publicly advertised. The \$20,000 for overhead costs does not impact the bid, but is budgeted by DNR for the Engineering Bureau's staff salaries and operating costs. The \$10,000 is budgeted for the contingency fund to ensure enough funds are available for construction costs in case the winning bid is up to 10% more than the estimated construction cost. We requested supporting documentation for the 20% budgeted for overhead costs. Based on a review of DNR's calculations of the fiscal year 2017 percentages of time spent by Engineering staff on projects, the 20% budgeted for overhead costs appears to be reasonable.

Major projects are publicly advertised by DNR and the bids are opened publicly. The Engineering supervisor subsequently reviews all project bids submitted by contractors for reasonableness. If the low bid exceeds Engineering's estimate by a significant amount, the Finance Bureau staff is consulted to ensure funding is available to cover the increased expenses. If the low bid is significantly less than Engineering's estimate, DNR contacts the contractor to ensure they understand the full scope of the project and have submitted an accurate bid.

During the next scheduled NRC meeting, Engineering seeks from the NRC approval of the use of the contractor having the winning bid for work on the major project. Once approved by the NRC, the Engineering management staff approves the final project plans and executes the contract with the NRC approved contractor. As previously stated, DNR may use a competitive quotation process or a competitive bid process to select a contractor for a mini project. The contract award for mini projects which are bid at more than \$50,000 must be approved by the NRC. Projects bid at \$50,000 or less may be contracted immediately following the selection of the contractor having the low quote or bid, and are presented to the NRC at the next scheduled meeting as an information item only.

Table 3 summarizes the number and amount of fiscal years 2013 through 2017 contracts requiring NRC approval and not requiring NRC approval, as recorded by DNR in the project database.

Table 3

Fiscal Year	Contracts Requiring NRC Approval		Contracts not Requiring NRC Approval		Total Contracts	
	Qty.	Amount	Qty.	Amount	Qty.	Amount
2013	25	\$9,855,740	33	\$828,633	58	\$10,684,373
2014	26	6,720,864	23	520,546	49	7,241,410
2015	24	8,834,681	24	560,344	48	9,395,025
2016	22	6,316,453	19	387,921	41	6,704,374
2017	24	4,440,490	25	518,754	49	4,959,244
Total	121	\$36,168,228	124	\$2,816,198	245	\$38,984,426

As demonstrated by the **Table**, DNR awarded a total of approximately \$39.0 million for 245 contracts in fiscal years 2013 through 2017. Of the approximately \$39.0 million awarded, \$36.2 million was for 121 contracts requiring NRC approval and \$2.8 million was for 124 contracts not requiring NRC approval.

Contracting – A contractor awarded funding for a project must enter into a construction contract with DNR. Several documents are made a part of and collectively evidence and constitute the construction contract entered into by DNR with a contractor, including the following:

- Notice and instructions to bidders,
- Specifications and drawings,
- Contractor's proposal,
- Proposal guarantee bond,
- Performance bond,
- Detailed project manual, and
- Any modifications or change orders.

Examples of information which must be in the construction contract are as follows:

- DNR and contractor contact information,
- Project title, contract purpose, award amount, scope of work, control of work, control of materials, measurement and basis of payment, project completion date, and project budget,
- Quality control and inspection requirements,
- Required tests by an independent testing laboratory,
- Required construction in process and final inspections by DNR, and
- Closeout procedures.

In accordance with DNR contracting procedures, the construction contract must be signed by all parties prior to the start of construction work. Once approved, an entire original contract is maintained in Engineering's project file, and copies are provided to the inspector and the contractor.

DNR holds a pre-construction conference with the contractor prior to commencement of project construction. The purpose of the conference is to provide a general review of the plans,

specifications, construction schedules, site conditions, work forces, and working relationships of the contractor and DNR staff. Both Parks Bureau and Engineering staff typically attend any project meetings held with the contractor.

Project Monitoring – For purposes of project oversight, the Engineering management staff uses a combination of information, including project database records, Engineering project files, project records received from the inspectors, and financial records received from the Finance Bureau. In addition, the Engineering management staff interacts with Parks Bureau staff, inspectors, and contractors through occasional project site visits, meetings, emails, phone calls, texts, and written correspondence as needed. The construction contract includes requirements for monitoring and inspection of projects.

In accordance with the contract, the inspector is the direct representative of DNR at the project location with the authority to verify compliance with the provisions of the entire contract. The inspectors are required to perform periodic detailed inspections of all portions of the work and materials included in the work while construction is in process to ensure the project is completed in accordance with the contract. The performance of inspections is the primary method used by DNR to evaluate the contractor's performance under the construction contract.

The contractor must furnish the inspector with every reasonable facility for ascertaining whether the work is being performed in conformance with the contract documents. Work done without the inspector having been afforded ample opportunity to provide suitable inspection, or unauthorized work, may be ordered removed and replaced at the contractor's expense or may be excluded from the quantities measured for payment.

The contract also requires a final project inspection be completed by the inspector as part of the project closeout process. The contractor's work is not considered ready for final inspection until all the work has been completed and the contractor has certified all items are properly operating and in strict compliance with the contract documents. Upon completion of the project, the contractor must request a final inspection in writing from the inspector. Upon notification by the contractor that the work is completed, the inspector must make prompt final inspection of each item of work included in the contract. The contractor must be present at the job site during the final inspection.

According to representatives of Engineering, if deficiencies in the contractor's work are identified, the inspector takes pictures of the deficiencies, creates a list of the deficiencies which must be corrected to bring the contractor into compliance, and shares the list of the deficiencies with the Engineering management staff and the contractor. In accordance with the contract, the list of deficiencies must be confirmed in writing and all items listed must be made acceptable before final payment will be made. If work is suspended, it is documented by the inspector using a written notice of suspension of work which is given to the Engineering supervisor and the contractor. If the contractor does not sufficiently or timely complete the list of the deficiencies, DNR may issue a Notice of Default letter to the contractor and collect liquidated damages from the contractor.

The inspectors typically document their on-site visits and inspections of projects in writing using notepads to summarize by date the work in progress and the work completed under the contract. In addition, the inspectors take pictures of the project while construction is in progress and when completed to document the status of the project and whether the materials used by the contractor are appropriate under the contract. The inspector's project records are primarily maintained in paper project files in the district offices and are not routinely shared with Engineering management unless deficiencies are identified by the inspector, or if requested.

The project database includes an electronic form which, according to the Engineering management staff, should be used by the inspectors to document the project status over the life of the project. When information is entered into the project database, the Engineering and other

DNR staff involved in the project review and approval process are automatically notified via email of the project status.

Engineering management staff review all contractor payment requests received from the inspectors to ensure the amounts requested do not exceed the contract budget, are for items specified in the contract, and are supported by invoices and additional supporting documentation. The Finance Bureau staff also reviews and approves all payment requests and maintains a complete list of all payments made to the contractor. Finance records all project expenditures in the State financial system and the capitals report by funding source, and provides the monthly capitals report to Engineering. In addition, Finance provides to the Engineering management staff the comprehensive listing of all payments made to the contractor when the project is closed out. The payment listing and all other project information received from the inspectors is supposed to be maintained in Engineering's project files.

Project Files – As previously stated, Engineering maintains project records in the project database and in paper project files in the Des Moines office. In addition, project files including paper and/or electronic records are maintained by the inspectors in the district offices for all projects to demonstrate contractor compliance with the requirements of the contract and DNR's monitoring of the project.

The project database includes records such as:

- Project status notes,
- Construction specifications and plans,
- Published construction item list for bidding purposes,
- Draft change orders and extensions,
- Listing of planned funding sources,
- List of and draft copies of the payment requests, and
- Draft project completion report.

The project files maintained in the Des Moines office and the district offices contain the approved contracts, change orders, and extensions, and other records such as:

- Project request and bid proposals;
- Selection and contract award process;
- Notice of contract award;
- Construction specifications and plans;
- Project budget, contractor expense documentation, and approved payment requests;
- Monitoring documents, such as evidence of review and approval of payment requests, including verification of supporting documentation for all expenses incurred by the contractor for the project;
- Project photos, notes from site visits to inspect the project, correspondence with the contractor;
- List of deficiencies, any related documents such as a notice of default, follow-up correspondence, and resolution of identified deficiencies;
- Approved project completion report; and
- A contract closeout summary which lists all payments made to the contractor including the date paid, State financial system transaction number, warrant number, and funding source(s).

Project File Testing – We selected 40 projects for testing, consisting of 30 which required NRC approval and 10 which did not. The projects were selected from DNR’s fiscal years 2013 through 2017 listing of contracted projects maintained in the project database. We reviewed the selected project files to determine whether DNR sufficiently monitored the contract, accounted for the project activity, and evaluated the contractor’s performance. As a result, we identified the following concerns.

- For 18 of the 40 projects tested, we determined the project database does not contain sufficient documentation of the project status over the life of the project. DNR implemented a comments section in the project database which is supposed to be used by the inspectors to record project status notes at least monthly, depending on project duration and size. Project status notes recorded in the project database is one of the methods DNR Engineering management relies on for project oversight. However, the inspectors’ project status notes recorded in the database for the 18 projects vary from none to only a few. In addition, the quality of the project status notes varies. For example, some of the project status notes periodically report the percentage of work completed while others do not and some indicate when the work was completed and when the final inspection was completed while others do not.
- For 3 of the previously stated 18 projects lacking sufficient project status documentation, we also identified construction inspection documentation is deficient, as follows.
 - 2 project files maintained by DNR inspectors do not include sufficient documentation demonstrating performance of inspections while construction was in progress and when completed to ensure the contractors completed the work in accordance with the contract.

For 1 of the 2 projects, a representative of DNR Engineering also reviewed the inspector’s project file and agreed there is no documentation of on-site inspections of construction in progress and when completed. For the other project, the only documentation of construction inspection was recorded by the inspector in the project database. The inspector simply mentioned the work was completed on December 3, 2013. According to the representative of Engineering, there are no additional documents associated with construction inspection for this project.

In addition, because of the lack of inspection documentation for the 2 project files there is no evidence of the evaluation of the contractor’s performance under the construction contract.

According to a representative of DNR, for 1 of the 2 projects files lacking sufficient inspection documentation, repair work for flood damage at a park was authorized by an inspector in the fall of 2013. The repair work included the removal and replacement of loose stones to restore the historic dam located in the park. Standard bidding procedures were followed and plans and specifications for a project were sent to 12 local contractors, but no bids were received. The inspector solicited a quote from a contractor. Upon receiving an acceptable quote, the inspector proceeded to contract the work and authorized construction before a construction contract was authorized by DNR. The total cost of the work completed by the contractor was \$23,500.

The construction was completed on December 3, 2013 but the contract was not signed by the contractor until January 22, 2014, 50 days after the project was completed. In addition, the contract was not approved by DNR until February 26, 2014, 85 days after the project was completed by the contractor. As a result, DNR did not comply with its contracting procedures and the DAS contracting rules requiring an approved contract prior to work being started. The approval of the contract was delayed due to DNR investigating the inspector’s non-conformance with DNR purchasing procedures. According to

the representative of DNR, the inspector was terminated from employment with DNR and was later reinstated, but is no longer in a position to make the same mistake.

- For 1 of the 3 projects, there is no project file available from the DNR inspector. Therefore, DNR did not maintain documentation demonstrating inspections of the project construction to ensure the project was completed in accordance with the contract and there is no evidence of the evaluation of the contractor's performance under the contract.

See **Finding A**.

In conjunction with project file testing, we evaluated the efficiency and effectiveness of DNR's project monitoring practices. As a result, we identified additional opportunities for improvement.

DNR does not maintain project monitoring documentation in a centralized location. Various aspects of project monitoring records are maintained in the project database, project files in the Des Moines office, and the inspectors' project files in the district offices. To determine whether DNR's monitoring of the selected projects was sufficiently performed, it was necessary to review, in several instances, a combination of project monitoring records maintained in the various locations. The internal comments section of the project database is supposed to be used by the inspectors to document the project status, including but not limited to, a summary of monitoring performed while the construction is in progress and when completed. However, we identified the quality and frequency of project status notes recorded by inspectors in the project database is not consistent from project to project.

For example, some of the project status notes recorded by inspectors in the project database include a reasonable summary of the project status as related to the contract requirements over the life of the project while others include only a few status notes or none. Also, for projects having status notes recorded in the database, the frequency of the notes vary from weekly to monthly, or there are no status updates for several months or at all during the construction and completion phases of the project. The representatives of Engineering we spoke with agree the frequency and quality of project status notes recorded in the project database for monitoring purposes is not consistent among the 6 inspectors.

Although the inspectors do not consistently document status notes in the project database, they typically maintain project files records such as project status notes, inspection results, payment requests and supporting documentation, project photos, lists of construction deficiencies, notices of default, and significant correspondence in the district office. As previously stated, the project files are primarily maintained in paper format and are not routinely shared with Engineering management unless deficiencies or other issues, such as construction delays, are identified by the inspectors, or if requested. Examples of records provided by the inspectors to the Engineering management staff when deficiencies are identified includes lists of construction deficiencies, notice of default, and significant correspondence.

It is important that status notes recorded to the project database are sufficient in quality and frequency to better allow the Engineering management staff to perform their oversight functions. In addition, the efficiency and effectiveness of Engineering's oversight of the projects would be enhanced if the inspectors were required to upload to the project database, and/or email to Engineering scanned copies of, significant monitoring documents, such as:

- Project inspection notes over the life of the project,
- Summary of project delays and any reasons for project extensions,
- Lists of construction deficiencies and related resolution,
- Notices of default, and

- Any additional significant correspondence or documents demonstrating the project was sufficiently completed in accordance with the contract.

According to representatives of Engineering, the current inspection process is informal, there is no standard format used for documenting the performance of the inspections, and inspectors typically do not provide results of inspections to DNR management unless deficiencies are identified. As a result, DNR management does not have assurance the inspection procedures performed are consistent and sufficiently documented by the inspectors to demonstrate the contractor completed the work in accordance with the contract.

It would be beneficial for DNR to implement a more formal inspection process including standard procedures and an inspection form to help ensure inspections are consistently performed, documented, and readily available for management review. In addition, the efficiency and effectiveness of project oversight would be improved if the inspectors were required to consistently provide to Engineering management staff copies of the results of inspections, regardless of whether deficiencies were identified. See **Finding B**.

Reporting - As previously stated, in accordance with section 8.57 of the *Code*, DNR must submit to LSA and DOM an annual report summarizing the State appropriations, additional funding, funds expended, funds obligated, and estimated completion date for the projects. A summary of the amounts reported by DNR in the December 31, 2016 annual infrastructure funds status report (infrastructure status report) is previously shown in **Table 1**. We reviewed the infrastructure fund status report for compliance with the requirement and to determine if the reported information is sufficiently supported. We determined the information reported by DNR complies with the requirement and is properly supported.

In addition, the NRC submits an annual report to the Governor and the Legislature as part of DNR's annual report in accordance with section 455A.4(1)(d) of the *Code*. For example, the NRC submitted an annual report and recommendations to the Governor and the Legislature in fiscal years 2013 through 2016, including a brief summary of the number of projects in different parks and the total amount approved for contracting. The reports also mention these projects include upgrading aging and storm damaged infrastructure, improving waste water treatment and sewer lines, repairing roads and damaged infrastructure, renovating existing park facilities, and adding new facilities such as ADA compliant restrooms.

We reviewed the NRC's fiscal years 2015 and 2016 annual reports for compliance with the requirement and to determine if the reported information is sufficiently supported. The NRC chooses what to report in each annual report and requests from Engineering and the Parks Bureau the total number of NRC approved projects, the total number of different parks with approved projects, and the total amount of approved project contracts.

We requested from DNR supporting documentation for the information provided to the NRC for its fiscal years 2015 and 2016 reports. The only support maintained by DNR for the amounts provided to and reported by the NRC in its fiscal years 2015 and 2016 reports are emails sent by DNR to the NRC. The emails only include the total number of NRC approved projects, total number of different parks with approved projects, and total amount of approved project contracts for fiscal years 2015 and 2016. DNR did not maintain a summary of the specific NRC approved projects, the different parks with approved projects, and approved contract amount for each project to support the totals provided in the emails sent to the NRC. According to a representative of DNR, the detailed support for each approved project related to the totals provided to the NRC for its reports may be found by searching the NRC minutes for meetings held in fiscal years 2015 and 2016.

We reviewed the minutes for NRC meetings held in fiscal years 2015 and 2016 to identify the specific NRC approved projects, different parks with projects, and approved project contracts. We summarized the specific information obtained from the NRC meeting minutes, and compared the total number of NRC approved projects, the total number of different parks with approved

projects, and the total amount of approved project contracts to the amounts reported by the NRC. As a result, we identified several differences. **Table 4** summarizes the differences in the total number of NRC approved projects, the total number of different parks with projects, and the total amount of approved project contracts reported by the NRC for fiscal years 2015 and 2016 to our summary of the amounts recorded by DNR in the NRC meeting minutes.

Table 4

Description	Amounts Reported by NRC*	Amounts in NRC Meeting Minutes	Difference Over (Under)
<i>Fiscal Year 2015:</i>			
Total number of NRC approved projects	43	45	(2)
Total number of different parks with projects	29	32	(3)
Total amount of approved project contracts	\$ 5,788,067	9,335,892	(3,547,825)
<i>Fiscal Year 2016:</i>			
Total number of NRC approved projects	41	41	-
Total number of different parks with projects	25	29	(4)
Total amount of approved project contracts	\$ 6,100,000	7,114,558	(1,014,558)

* The amounts reported by the NRC are based on information provided by DNR.

As demonstrated by the **Table**, the amounts provided by DNR to the NRC for the fiscal year 2015 report are understated by 2 projects, by 3 different parks, and by a cumulative total amount of approximately \$3.5 million of approved project contracts. In addition, the amounts provided by DNR to the NRC for the fiscal year 2016 report are understated by 4 different State parks and by a cumulative total amount of approximately \$1 million of approved project contracts. The amounts approved for contracting is different by approximately \$3.5 million in fiscal year 2015 and approximately \$1 million in fiscal year 2016 because DNR provided to the NRC the total amount of project expenditures recorded in the State’s financial system rather than the total amount approved for contracting. See **Finding C**.

Findings and Recommendations

We reviewed DNR's monitoring and reporting of the State Park improvement projects administered by DNR to determine whether DNR administers the projects in compliance with the applicable sections of the *Code of Iowa*, Administrative Rules and DNR policies and procedures. We also determined whether DNR sufficiently monitored and reported the projects. As a result, we identified certain findings and recommendations regarding the monitoring and reporting of the projects which should be considered by the Governor, the Members of the General Assembly, the Natural Resources Commission, and the Department of Natural Resources.

FINDING A – Contract Monitoring

We tested 40 DNR project files including records in the project database, the Des Moines office, and in the district offices to determine whether DNR sufficiently monitored the contract, accounted for the project activity, and evaluated the contractor's performance. As a result we identified the following concerns.

- For 18 of the 40 projects tested, we determined the project database does not contain sufficient documentation of the project status over the life of the project. Project status notes recorded in the project database is one of the methods DNR Engineering management relies on for project oversight. However, the inspectors' project status notes recorded in the database for the 18 projects vary from none to only a few. In addition, the quality of the project status notes varies.
- For 3 of the previously stated 18 projects lacking sufficient project status documentation, we also identified construction inspection documentation is deficient, as follows.
 - 2 of the 3 project files maintained by DNR inspectors do not include sufficient documentation demonstrating performance of inspections while construction was in progress and when completed to ensure the contractors completed the work in accordance with the contract.

In addition, because of the lack of inspection documentation for the 2 project files there is no evidence of the evaluation of the contractor's performance under the construction contract.

For 1 of the 2 project files, we also determined an inspector authorized a contractor to complete construction work on a \$23,500 project prior to executing the contract. Construction was completed on December 3, 2013 but the contract was not signed by the contractor until January 22, 2014, 50 days after the project was completed. In addition, the contract was not approved by DNR until February 26, 2014, 85 days after the project was completed by the contractor. The approval was delayed due to DNR investigating the inspector's non-conformance with DNR purchasing procedures.

- For 1 of the 3 projects, there is no project file available from the DNR inspector. Therefore, DNR did not maintain documentation demonstrating inspections of the project construction to ensure the project was completed according to the contract and there is no evidence of the evaluation of the contractor's performance under the contract.

Recommendation – DNR should implement procedures to ensure:

- Inspectors timely and consistently perform construction inspections, and document the results in the project database. It is important to consistently document project status including actual work completed, percentage of construction completed, lists of deficiencies identified, inspection follow-up and resolution, and project completion.

The frequency of project database status updates such as construction inspections and project construction progress should be appropriate to the size and duration of the project, as follows. Monthly reporting of project status and on-site inspections

may be sufficient for large projects which may take months or years to complete. The status and inspection results for small projects, which may be completed in a few months or less, should be updated more frequently, such as weekly or in some instances daily.

- All project files are maintained to demonstrate the contractor completed the project according to the contract.
- The contractors are not allowed to proceed with construction work on projects until the contractor and DNR management have signed the contract.

Response – The engineering database was not intended as a management tool for reporting project progress. It was instead a way to keep other bureaus informed of bidding/contract letting progress. Pay estimates generated by DNR engineering staff are the official record of progress for each engineering project. The pay estimates are generated by the Department then signed by the contractor before being sent on to the Bureau chief for signature and payment. Final pay estimates are held for 30 days after work completion to ensure all requirements put to the contractor are met prior to payment issuance. The Department has methods in place such as liquidated damages to ensure contractor performance.

Conclusion – Response acknowledged. The engineering database is one of the management tools the Engineering Bureau uses for project oversight. Although pay estimates are an essential part of the progress reporting process, it is also important for DNR to implement procedures to ensure inspections and related results are consistently documented and immediately available to Engineering management for review. For example, it is important to ensure the project status including actual work completed, percentage of construction completed, lists of deficiencies identified, inspection follow-up and resolution, and project completion are sufficiently documented and immediately available to the Engineering Services Bureau management for project oversight.

FINDING B – Efficiency and Effectiveness of Monitoring

In conjunction with project file testing, we evaluated the efficiency and effectiveness of DNR’s project monitoring practices. As a result, we identified additional opportunities for improvement.

DNR maintains project monitoring documentation in multiple locations. For example, various project monitoring records are maintained in the project database, in the Des Moines office, and in inspectors’ project files in the district offices. To determine whether DNR’s monitoring of projects is sufficient it is necessary to review project monitoring records in various locations. In addition, we identified the quality and frequency of project status notes recorded by inspectors in the project database for monitoring purposes is not consistent from project to project.

The inspectors’ project files, which typically include documentation of project monitoring and inspections, are primarily maintained in paper format in district offices and are not routinely shared with Engineering Services Bureau management unless deficiencies, delays, or other issues are identified by the inspectors, or as requested. It is important status notes recorded to the project database are sufficient in quality and frequency to better allow management to perform their oversight responsibilities. In addition, the efficiency and effectiveness of project oversight would be enhanced if the inspectors were required to upload scanned copies of monitoring documents to the project database.

Representatives of the Engineering Services Bureau we spoke with agree the frequency and quality of project status notes in the project database is not consistent among the 6 inspectors. According to representatives of the Engineering Services Bureau, the current inspection process is informal, there is no standard format used for documenting the performance of the inspections, and inspectors typically do not provide results of inspections to DNR management unless deficiencies are identified. As a result, DNR management does not have assurance the inspection procedures performed are consistent and sufficiently documented by the inspectors to demonstrate the contractor completed the work according to the contract. The efficiency and

effectiveness of Engineering's oversight of the projects would also be enhanced by implementing a documented process including standard procedures and a detailed inspection form.

Recommendation – DNR should:

- Implement a documented project inspection process including standard procedures and a detailed inspection form to help improve project monitoring efficiency and effectiveness. The project inspection procedures and form should include definitions and guidance to help ensure inspections are consistently performed, documented, and communicated by the inspectors to Engineering Service Bureau management.
- Maintain in the project database significant monitoring documents, project inspections and results, lists of construction deficiencies, notices of default, resolution of deficiencies, project photos, and additional significant correspondence or documents demonstrating the project was sufficiently completed in accordance with the contract.
- Consider requiring inspectors to timely scan and upload to the project database monitoring documents to facilitate project inspection and monitoring records. This would allow comprehensive project monitoring documents to be immediately available in the project database to the Engineering Services Bureau management for project oversight.

Response – The Department will implement a comprehensive inspection process with standardized criteria. The Department will run a cost-benefit analysis to determine if scanning and uploading files would be feasible.

Conclusion – Response accepted.

FINDING C – Reporting

We reviewed the NRC's fiscal years 2015 and 2016 annual reports for compliance with DNR's annual reporting requirement and to determine if the reported information is sufficiently supported. According to representatives of DNR, the NRC chooses what to report in each annual report but requests the desired information from relevant DNR staff. For fiscal years 2015 and 2016, the NRC requested from Engineering and the Parks Bureau the number of projects, the number of different parks with projects, and the approved total contract amounts.

The only support maintained by DNR for the amounts provided to and reported by the NRC in its fiscal years 2015 and 2016 reports are emails sent by DNR to the NRC. The emails only include the total number of NRC approved projects, total number of different parks with approved projects, and total amount approved for contracting for fiscal years 2015 and 2016. DNR did not maintain a summary of the specific NRC approved projects, the different parks with approved projects, and approved contract amount for each project to support the totals provided in the emails sent to the NRC. According to a representative of DNR, the detailed support for each approved project related to the totals provided to the NRC for its reports may be found by searching the NRC minutes for meetings held in fiscal years 2015 and 2016.

We reviewed the NRC meeting minutes, summarized relevant information, and compared the totals of the information recorded in the minutes to the amounts reported in the NRC annual reports. As a result, we identified findings as follows.

- For fiscal year 2015, the NRC reported 43 projects in 29 different parks were approved in the amount of \$5,788,067. However, we identified a total of 45 projects in 32 different State parks were approved in the amount of \$9,335,892. Therefore, the amounts provided by DNR to the NRC for the report are understated by 2 projects, by 3 different State parks, and by a cumulative amount of approximately \$3.5 million of approved project contracts.

- For fiscal year 2016, the NRC reported 41 projects in 25 different State parks were approved in the amount of \$6.1 million. However, we identified a total of 41 projects in 29 different State Parks were approved in the amount of \$7,114,558. Therefore, the amounts provided by DNR to the NRC for the report are understated by 4 different State parks and by a cumulative amount of approximately \$1 million of approved project contracts.

Recommendation – DNR should:

- Maintain detailed documentation which supports the amounts reported by the NRC.
- In conjunction with the NRC, clearly define the intent and types of information the NRC desires to present in their report. The information provided by DNR to the NRC for their report does not consistently align with the NRC information request. For example, DNR provided to the NRC the total spent for the projects in fiscal years 2015 and 2016 rather than the total amount of approved projects, as requested by the NRC.

Response – The Department provides the best data available when responding to Commission inquiries. In this instance, a query was run to determine active projects. This resulted in the discrepancy between contracted projects and projects with payment activity. Moving forward, the Department will implement a tracking mechanism for contracted projects approved by the Commission.

Conclusion – Response accepted.

Schedule

Report on a Review of the
Monitoring and Reporting of State Park Improvement Projects
Administered by the Department of Natural Resources

Summary of State Park Improvement Project Expenditures by Fiscal Year by Project
Fiscal Years Ended June 30, 2013 through June 30, 2017

Project Name	Fiscal Year Ended June 30,					Total
	2013	2014	2015	2016	2017	
319 Education/Small Projects-Statewide	\$ 113,458	3,546	-	-	-	117,004
Backbone Barn-District Office Siding and Roof	16,177	-	-	-	-	16,177
Backbone Boat Ramp Road Maint Agreement	-	42,979	-	-	-	42,979
Backbone Cabin Remodel	-	-	-	177,867	-	177,867
Backbone CCC Cabin Restoration	811,258	-	-	-	-	811,258
Backbone Shower Bldg Remodel	-	-	-	-	71,919	71,919
Backbone Shower Bldg Replacement	-	-	-	262,681	-	262,681
Beeds Lake Lodge and Shelter Restoration	-	-	-	65,719	-	65,719
Beeds Lake Shower Bldg Replacement	-	255,314	-	-	-	255,314
Bellevue Erosion Control-Residence	-	-	22,262	2,372	-	24,634
Bellevue Shower Bldg Replacement	-	-	-	243,521	-	243,521
Big Creek Beach/East/W Trpl Boat Ramps	76,429	10,012	26,502	-	-	112,943
Big Creek Sewer Annex-SRF	597,590	217,609	-	-	-	815,199
Big Creek-Beach Site Renovation	1,779,560	-	-	-	-	1,779,560
Big Creek-Phase II bike trail renovation	-	195,405	24,884	-	-	220,289
Bobwhite State Park Crack Sealing-Sm Maint	-	-	-	26,150	-	26,150
Bowstring Bridge Canoe Access	-	-	-	-	154,539	154,539
Brushy Creek Spec Maint Agreement	-	-	10,646	-	-	10,646
Brushy Creek-2-One bedroom cabins	-	798	-	-	-	798
Brushy Creek-Beach Development Phase 1	-	20,663	828,910	-	-	849,573
Brushy Creek-Beach Development Phase 2	-	-	201,051	767,924	-	968,975
Brushy Creek-Beach Restroom	-	-	-	253,003	-	253,003
Brushy Creek-Beach/Camp Playground	26,827	-	-	-	-	26,827
Brushy Crk-Campground Year-round Restroom	-	-	86,940	-	-	86,940
Cedar Rock Boat House Renovation	-	-	-	-	201,430	201,430
Cedar Rock Gas Line	-	-	53,353	-	-	53,353
Cedar Rock-Well Treatment/Construction	100	53,545	-	-	-	53,645
Claire Wilson SP Sidewalk & Trail Repair	22,109	-	-	-	-	22,109
Cold Springs-District Office Renovation	-	45,345	-	-	-	45,345
Dolliver State Park-North Lodge Roof	-	149,931	23,362	-	-	173,293
Dolliver State Park-Office & Shop Bldg	-	-	20,761	780,424	-	801,185
Dolliver State Park-Residence Health & Safety	-	-	400	-	-	400
Dolliver-Cabin & Lodge Furniture Replacement	9,360	-	-	-	-	9,360
Dolliver-Cabin Restroom	93,441	-	-	-	-	93,441
Dolliver-Replace Dump Station & Septic Field	45,091	-	-	-	-	45,091
Elk Rock Ranger Point Protection	-	-	-	372,465	-	372,465
Elk Rock Shower Bldg Replacement (2)	-	480,953	44,761	-	-	525,714
Elk Rock SP Boat Ramp Parking & Paving	-	-	956,280	695	-	956,975
Elk Rock-Replace Lift Stations and Line	77,034	-	-	-	-	77,034
Emerson Bay-Full Hook-up & Electrical Upgrades	570,282	53,300	-	-	-	623,582
Fairport Rec Area Campground Electric Upgrade	-	-	-	215,896	-	215,896
Fairport Rec Area Double Boat Ramp & Parking	-	-	-	537,328	-	537,328
Geode SP Culvert-Spec Maint. Agreement	10,052	529	14,360	-	-	24,941
Geode SP-Wastewater Treatment System	-	-	718,622	91,618	35,568	845,808
George Wyth Beach Concession Remodel	-	-	97,326	-	-	97,326
Green Valley Office Bldg	-	-	-	780,264	47,047	827,311
Green Valley Trail Construction	-	-	-	-	49,667	49,667
Green Valley-Campground Shower Replacement	-	-	-	273,051	-	273,051
Honey Creek Resort Shoulder Repair	-	-	-	-	22,439	22,439
Honey Creek Resort-Marina Development	-	-	4,366	333,185	-	337,551
Honey Creek Road Repair	-	-	-	-	278,469	278,469
Honey Creek Shower Bldg Remodel	-	-	-	-	75,288	75,288
IJOBS overruns	67,073	-	-	-	-	67,073
Interpretive Kiosks & Trail Orientation Panels	112,215	-	-	-	-	112,215

Schedule 1

Report on a Review of the
Monitoring and Reporting of State Park Improvement Projects
Administered by the Department of Natural Resources

Summary of State Park Improvement Project Expenditures by Fiscal Year by Project
Fiscal Years Ended June 30, 2013 through June 30, 2017

Project Name	Fiscal Year Ended June 30,					Total
	2013	2014	2015	2016	2017	
Kearny State Park P&I	259,872	-	-	-	-	259,872
Lacey-Keo Culvert Replacement	-	-	-	-	115,627	115,627
Lacey-Keo SP-Camp Electric, Upgrade 10 sites	57,401	-	-	-	-	57,401
Lacey-Keo SP-Lodge Roof Repair	-	51,956	10,335	-	-	62,291
Lake Ahquabi-Concession Building Replacement	147,881	7,739	-	-	-	155,620
Lake Ahquabi-Shower Bldg Replacement	221,409	-	-	-	-	221,409
Lake Anita-Sewer Pump Replacement	-	-	32,193	-	-	32,193
Lake Anita-Shower Bldg Replacement	549,764	-	-	-	-	549,764
Lake Darling Cabin Road	-	-	-	207,603	8,344	215,947
Lake Darling Campground Road	308,903	9,887	23,731	-	-	342,521
Lake Darling, Geode, Fairport State Parks-4 Pit	79,849	-	-	-	-	79,849
Lake Darling-6 Cabins and Utilities	-	-	288,010	794,520	73,999	1,156,529
Lake Darling-Campground Upgrade	31,476	-	-	-	-	31,476
Lake Darling-Lodge & Beach Parking	3,725	-	-	-	-	3,725
Lake Darling-Mid Lake Ramp Repaving	-	-	-	518	127,308	127,826
Lake Darling-new road	-	-	-	-	2,100	2,100
Lake Darling-Non P&I Work & Parking	-	370,980	92,624	-	-	463,604
Lake Darling-non-P&I Cabin Road and Trail	-	-	-	61,361	124,846	186,207
Lake Keomah Park Road Replacement	-	52,164	371,101	943,088	74,077	1,440,430
Lake Keomah-Park Office Replacement	205,663	11,833	-	-	-	217,496
Lake MacBride Main Ramp & S Ramp RR	2,420	96,929	-	-	-	99,349
Lake Macbride Paving Repair-SMA	31,896	-	-	-	-	31,896
Lake Manawa Day-use Area Remodel	-	-	-	-	287,563	287,563
Lake Manawa Picnic Area Road	-	-	-	-	73,511	73,511
Lake Manawa Road Maint	-	-	-	-	362,379	362,379
Lake Manawa-Canal Shoreline Protection	76,532	78,732	-	-	-	155,264
Lake of Three Fires-Park Office/Shop	173,633	293,828	-	-	-	467,461
Lake of Three Fires-Shower Bldg	252,869	22,648	-	-	-	275,517
Lake Wapello-Campground Upgrade Project	-	-	-	506,466	65,295	571,761
Lake Wapello-Sewer Lines Sleeve	-	-	205,731	52,244	-	257,975
Lake Wapello-Stone Entrance Portal	52,000	-	-	-	-	52,000
Ledges-Henning Shelter Restroom Conversion	127,459	-	-	-	-	127,459
Lewis & Clark-Lift Station Replacement	29,215	-	-	-	-	29,215
Lewis & Clark-Water System & Dist Lines	-	-	-	300	222,126	222,426
Maquoketa Caves-Visitor Center RR & Septic	-	598	177,091	-	-	177,689
Marble & Triboji Beach-Ramp Repairs	-	13,374	-	-	-	13,374
Mines of Spain Joint Repair-Sm Maint	-	-	-	103,162	-	103,162
Mines of Spain-New Shop Bldg	-	-	391,021	24,197	-	415,218
Mines of Spain-Woodland Walk Kiosk	-	125,000	-	-	-	125,000
Mini Wakan Lodge Road	-	-	164,099	15	-	164,114
Mini Wakan-Boat Ramp Parking	-	-	25,506	-	-	25,506
MiniWakan-Furniture for renovated lodge	31,443	-	-	-	-	31,443
Nine Eagles-Shelter	-	-	-	34,010	2,115	36,125
Nine Eagles-Shower Bldg Replacement	-	-	286,277	15,692	-	301,969
Palisades Kepler-Cabin Floor Replacements	-	-	50,904	-	-	50,904
Pikes Peak Well Replacement	-	65,731	63,466	-	-	129,197
Pikes Peak-Hazardous House Removal	-	-	-	-	20,235	20,235
Pilot Knob Shower Building Replacement	-	495,258	-	-	-	495,258
Pine Lake Campground Dump Station Relocation	-	-	61,001	11,174	-	72,175
Pine Lake Pavement Repairs-Phase 1	-	-	-	-	18,079	18,079
Pine Lake Residence/Park Demo	-	-	4,444	12,500	-	16,944
Pine Lake Storage Bldg	-	-	-	184,970	-	184,970
Pleasant Creek SRA-Cmpgrd & Shltr Electric	209,160	10,670	-	-	-	219,830
Pleasant Creek SRA-Entrance Portals	-	-	56,463	-	-	56,463

Report on a Review of the
Monitoring and Reporting of State Park Improvement Projects
Administered by the Department of Natural Resources

Summary of State Park Improvement Project Expenditures by Fiscal Year by Project
Fiscal Years Ended June 30, 2013 through June 30, 2017

Project Name	Fiscal Year Ended June 30,					Total
	2013	2014	2015	2016	2017	
Pleasant Creek SRA-New Restroom	-	97,982	-	-	-	97,982
Pleasant Creek SRA-Roadway Restroom	-	-	38,158	-	-	38,158
Pleasant Creek SRA-Roof Replacement 6 Bldgs	-	-	1,058	-	-	1,058
Pleasant Creek SRA-Shower Bldg Remodel	-	-	18,614	2,406	-	21,020
Prairie Rose-Campground Restroom	300	62,167	-	-	-	62,467
Red Haw-Campground Improvements	-	-	-	-	131,075	131,075
Red Haw-Single Pit Vaults	-	-	65,983	-	-	65,983
Rock Creek Seawall	103,572	-	-	-	-	103,572
Rock Creek-3 Ramp Restrooms	-	945	170,568	-	-	171,513
Rock Creek-ADA Fishing Pier	-	43,047	-	-	-	43,047
Rock Creek-Restroom at South Ramp	27,344	-	-	-	-	27,344
Springbrook Ed Ctr-HVAC System Replacement	-	-	85,988	-	-	85,988
Springbrook Interpretive Kiosk	-	22,200	-	-	-	22,200
Springbrook Lagoon and Lift Station	179,491	-	-	-	-	179,491
Springbrook Roadway, Culverts & Bridge	-	-	-	1,309,036	97,503	1,406,539
Springbrook-Boat Ramp Rip Rap	21,158	-	-	-	-	21,158
Springbrook-Shower Bldg Replacement	302,727	210,039	-	-	-	512,766
State Park District Renovations	17,931	11,546	35,309	17,177	32,566	114,529
State Parks Minor Projects	-	-	-	146,402	444,036	590,438
State Parks Minor Projects-Cost Shared	-	49,075	195,397	-	-	244,472
Statewide Emergency/Miscellaneous	-	-	-	-	48,624	48,624
Statewide-Design & Engineering	119,762	683,147	674,783	486,520	367,133	2,331,345
Statewide-Interpretive Kiosks	-	-	9,507	9,971	9,311	28,789
Statewide-Minor Emergency Projects	93,227	-	-	-	-	93,227
Statewide-Misc & Emergency Projects	-	-	349,032	18,004	5,508	372,544
Statewide-Misc Emergency Projects	-	160,683	-	-	-	160,683
Statewide-Misc Projects & Contingency	-	181,483	-	-	-	181,483
Statewide-Outside Design	75,599	109,819	93,539	22,354	3,906	305,217
Statewide-Parking Lots	-	-	-	-	28,653	28,653
Statewide-Playground in Parks	44,071	2,299	52,448	-	40,658	139,476
Statewide-Portals	-	-	-	-	108,609	108,609
Stone SP Park Building Reroofing	-	-	-	-	16,578	16,578
Trail Bridge-DOT Brushy Grant	1,169	-	125,800	-	-	126,969
Union Grove-Cabin	-	798	56,133	-	-	56,931
Union Grove-Cabin Porous Lot-319	-	-	8,722	-	-	8,722
Viking Lake-Campground Vault RR	200	43,106	-	-	-	43,306
Volga New Campground Dumb Station	-	14,360	-	-	-	14,360
Volga River-Boat Ramp Parking Replacement	1,560	-	-	-	-	1,560
Volga Well & Treatment (2) & Dist. Lines	-	-	494,594	-	-	494,594
Walnut Woods Parking/Road Improvements	-	-	97,658	22,762	-	120,420
Walnut Woods State Park Roadway Improv.	-	-	810,665	91,104	-	901,769
Walnut Woods Storage Bldg Replacement	-	-	110,073	5,793	-	115,866
Wapsipinicon Water System Upgrade/Treatment	-	463	175,875	-	-	176,338
Wapsipinicon-Hale Bridge Access Trail	-	-	-	-	27,411	27,411
Wapsipinicon-House Septic Replacement	-	-	250	-	-	250
Waubonsie Campground Road Repair	-	-	-	43,343	-	43,343
Waubonsie-Boat Ramp & Shoreline Armoring	-	59,071	-	-	-	59,071
Wilson Island Contingency for Flood Re-Build	-	110,727	121,944	-	-	232,671
Yellow River SF Fire Tower Roadway Rock	-	-	-	-	43,872	43,872
Total	\$ 8,268,737	5,100,213	9,230,881	10,310,855	3,919,413	36,830,099

Report on a Review of
State Park Improvement Projects
Administered by the Department of Natural Resources

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