



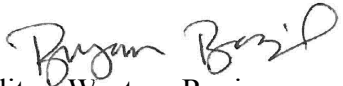
OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

**Notice of Potential Findings and Recommendations**  
**Evaluation of NPS Philanthropic Partners**  
**Report No. 2017-WR-037**

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Subject: Insufficient Internal Controls, Lack of Oversight, and Inappropriate Use of  
Donated Funds

The National Park Service (NPS) has a long history of philanthropic support, dating back to the earliest days of its founding. Philanthropic partners have historically played a role in advocating for the national parks and providing initial and ongoing financial and volunteer support. The objective of our evaluation was to determine if the NPS had sufficient internal controls over donated funds, conducted sufficient oversight, and expended partner funds in compliance with policy. During survey and fieldwork, we visited 31 parks and identified the following potential findings.

**Internal Controls Over Funds Received From Philanthropic Partners Are Not Sufficient**

Most of the parks we visited received superintendent's funds from their philanthropic partners. These funds were typically distributed by the cooperating association via check in the name of the park superintendent who cashed the check and gave the cash to his or her assistant to manage. One of the friends groups we visited distributed the superintendent's funds via visa gift cards. Some superintendents reported being uncomfortable with how superintendent funds are disbursed, and one superintendent declined the funds based on advice from the ethics officer. Since NPS has no policy or guidance on superintendent funds and these funds are dispensed to the superintendent and often managed by his or her assistant, there is a lack of internal controls which increases the risk for fraud, waste, and abuse.

**Oversight of Philanthropic Partners Is Not Sufficient**

The NPS Washington Support Office (WASO) does not conduct oversight as required by NPS policy. Director's Order #21 and Reference Manual #32 requires WASO to maintain a database to track and account for philanthropic support to the NPS. We found, however, that the

NPS cannot determine the total amount of support received from its philanthropic partners. WASO is in the process of developing a partnership web portal, which it says will improve its ability to collect and report the amount of support it receives from its philanthropic partners.

NPS Reference Manual #32 requires philanthropic partners to submit annual reports to WASO that include an NPS form, the partner's IRS I-990 form, and a brief narrative. WASO, however, has not been collecting these reports and has not compiled data from these reports since 2011. In addition, we found the IRS I-990 forms are not useful for oversight purposes as they do not clearly identify funds or other contributions provided to parks by their philanthropic partners.

In addition to not sufficiently tracking donations, we found that the NPS does not have an up-to-date friends group directory. The directory the NPS provided to us at the beginning of our evaluation did not include some active friends groups and included other friends groups that have not been in operation for years.

Additionally, most of the parks visited that had book stores operated by cooperating associations did not have, or did not regularly update, scope of sale statements required by policy. NPS Reference Manual #32 requires periodic revision of the scope of sales statement and states that it "should be thought of as a living document – never really finished, always subject to review and improvement." We also found that NPS regional coordinators for cooperating associations and friends groups conduct very limited oversight, typically only providing support to parks when partner agreements are renewed.

### **Philanthropic Partner Funds Not Expended in Compliance With Policy**

Nearly all the parks visited used philanthropic partner donations for entertainment purchases, such as food and beverages for employee-only and employee and volunteer events. Some parks used donated funds to purchase small gifts for employees, floral arrangements for families of employees, and a gift for a courier. These expenditures were made without any written justification for how these costs were necessary to accomplish the NPS' mission. Officials at multiple parks reported that they used donated funds for these expenses because they could not use appropriated funds, but Reference Manual #32 states that the NPS has a responsibility to treat donated funds as it does appropriated funds. Furthermore, there is a long history of Comptroller General decisions that conclude that the NPS does not have blanket authority to spend donated funds any way it wishes, and specifically disallow expenditures that are social and personal in nature.

### **Potential Recommendations:**

We recommend that the NPS:

1. Develop and implement NPS policy or guidance that prohibit park superintendents from receiving donations in the form of checks in their name, cash, and gift cards.
2. Track and report the monetary support parks receive from philanthropic partners.

3. Develop and maintain an accurate friends group directory.
4. Ensure park superintendents and cooperating associations that operate book stores develop scope of sale documents and update them at least annually.
5. Prohibit the use of donated funds for gifts to individuals.
6. Update NPS policy and implement guidance regarding the use of donated funds for allowable food and beverage purchases.

We would appreciate any written input, comments, or additional information by February 9, 2018. We will consider this information in our continuing evaluation work and in preparing the draft report. We also ask that you acknowledge receipt by replying to the email transmitting this notice. If you have any questions, please contact Leslie Ranoa at 916-978-6139 or [leslie\\_ranoa@doioig.gov](mailto:leslie_ranoa@doioig.gov).