

The California State Auditor released the following report today:

## Department of Parks and Recreation

### *Flaws in Its Budget Allocation Processes Hinder Its Ability to Effectively Manage the Park System*

#### BACKGROUND

With a budget of nearly \$574 million for fiscal year 2012–13, the Department of Parks and Recreation (department) manages more than 280 park properties or units that include state beaches, historic parks, recreational areas, historic homes, and off-highway vehicle parks. The department's park system is organized into districts and many of those are further divided in smaller groupings called sectors. The administrative services division is responsible for the department's budget, accounting, business services, and personnel management programs.

#### KEY FINDINGS

During our review of the department's budgeting and personnel practices, we noted the following:

- The department does not have a formal process for allocating budgets to the park districts and its current informal processes are inefficient and ineffective.
  - ✓ Park districts rely on prior-year allocations to budget and plan for their expenditures during the critical summer months because the department generally does not provide the districts their budgets until months after the fiscal year begins.
  - ✓ The department's process for tracking district expenditures creates duplicative work and its tracking system has limitations—four of the five districts we visited developed their own mechanisms for tracking their expenditures on a more real-time basis.
- Although it has developed a process for calculating past expenditures and future costs, the department still does not know how much it costs to operate each park. Thus, it cannot comply with state law beginning July 1, 2014, that mandates it achieve required budget reductions by closing, partially closing, or reducing services at its parks if its funding falls below a certain level.
- Despite the numerous instances in which the department inappropriately bought back leave—unauthorized buybacks—it has done little to prevent them in the future. We identified and confirmed almost \$32,000 of inappropriate leave buybacks that occurred in 2010 and 2011 in addition to the nearly \$271,000 previously identified.
  - ✓ In each of those additional instances of inappropriate buybacks, the department did not have the documentation specifying its authority to take such actions.
  - ✓ The department has not implemented any new controls to prevent unauthorized buybacks nor has the personnel office received training to prevent such transactions.
- Its Executive Personnel Review Committee (EPRC)—established to approve certain personnel action requests—does not receive formal direction or have formal processes to ensure that it makes consistent staffing decisions that align with the director's priorities.
- The department circumvented state law by temporarily transferring employees into vacant positions to avoid having the positions abolished by the State Controller's Office as required by law in seven of the 20 transactions we reviewed.

#### KEY RECOMMENDATIONS

We made many recommendations to the department including that it take actions to establish and implement a formal budget allocation process by January 2014 to ensure that districts receive timely budget allocations. It should also develop procedures requiring districts to prepare and submit spending plans and to periodically submit their total expenditures after reconciling them to the department's tracking system. Further, it should improve how it develops individual park unit budgets and determine and track park-level costs. Also, it should report annually to the Legislature the costs to operate each park. Moreover, we outlined specific recommendations to prevent unauthorized leave buyback transactions, improve the EPRC's effectiveness, and ensure that staff do not circumvent the law to preserve vacant positions.