

## EXECUTIVE DIGEST

# QUALITY OF LIFE RECREATION BOND PROGRAM

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### INTRODUCTION

This report, issued in December 1997, contains the results of our performance audit\* of the Quality of Life Recreation Bond Program, Department of Natural Resources (DNR).

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### AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness\* and efficiency\* .

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### BACKGROUND

In November 1988, Michigan voters approved two bond proposals. One proposal funded environmental protection projects and the second proposal funded recreation projects within the State. Of the second proposal, \$60,000,000 was set aside for improving the infrastructure of Michigan State parks. DNR refers to this as the Quality of Life Recreation Bond Program.

DNR identified more than 190 projects at 64 of the 98 State parks that should be included in the Program. These projects included sewage system improvements, road and parking lot resurfacing, electrical system replacements, and facility renovation and construction.

As of March 31, 1997, approximately \$59,420,000 had been expended on the Program. Approximately \$170,000 of the remaining unencumbered \$580,000 is allotted for administrative costs, with the remaining funds to be used for repair or replacement of 10 sanitary system projects.

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**AUDIT OBJECTIVE  
AND CONCLUSION**

**Audit Objective:** To assess the effectiveness of DNR's and the Department of Management and Budget's (DMB's) administration of the Quality of Life Recreation Bond Program.

**Conclusion:** DNR's and DMB's administration of the Program was generally effective. Although we found no material conditions\* , we identified four reportable conditions\* related to project budgeting and scheduling (Finding 1), reimbursement requests by project management firms\* and trade contractors\* (Finding 2), project monitoring (Finding 3), and contract change orders (Finding 4).

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**AUDIT SCOPE AND  
METHODOLOGY**

Our audit scope was to examine the program and other records of the Quality of Life Recreation Bond Program. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included examinations of the Program's records and activities for the period January 1, 1989 through March 31, 1997.

To accomplish our audit objective, we analyzed project planning, budgeting, and priority setting processes for the

Program and compared them with actual project construction and cost information. We examined files for three project management firms to determine if the firms supplied information required by the project management services contracts. For each firm, we also examined the files of four State parks' projects to determine if the information supplied was sufficient to evaluate contract performance.

We visited three project management firms and reviewed their files to determine if construction supervision was provided during the construction work at the State parks. Also, we analyzed payment and change order requests to determine if sufficient documentation was supplied to evaluate their propriety.

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**AGENCY RESPONSES**

Our audit report includes 4 findings and 9 corresponding recommendations. DNR agreed with 8 recommendations and disagreed with 1 of the 9 recommendations applicable to it. DMB agreed with all 7 recommendations applicable to it.