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March 22, 1989

Memorandum

To: Assistant Secretary for Fish and Wildlife and Parks

From: Assistant Inspector General for Audits

Subject: Final Audit Report on Natural and Cultural Resources Programs,
National Park Service (No. 89-55)

This report presents the results of our audit of the Natural and Cultural Resources Programs of the National Park Service. The objective of the audit was to determine if the Park Service was accomplishing its major program missions to inventory and protect resources in the parks and to help identify and protect the nation's historic resources. Overall, we determined that the Park Service faced serious problems and program deficiencies in accomplishing these missions.

The Park Service has not effectively implemented Congressionally-authorized programs to help meet the nation's estimated \$1 billion immediate and \$14.6 billion total need for historic preservation assistance. Funds for rehabilitation grants and to implement an insured loan program have not been requested because of budget constraints, and rehabilitation projects financed with private funds under the tax incentive program were at times not reviewed prior to the commencement of work. As a result, National Register properties were not being effectively rehabilitated and may be lost to future generations because of severe deterioration, and rehabilitation work performed under the tax incentive program in certain instances destroyed or significantly altered the historic values it was trying to protect.

Park Service regional offices have not properly reviewed and monitored park projects to ensure that construction or project activities do not adversely affect cultural resources. We identified at least 50 instances over the past 4 years of either actual or possible destruction of historic resources resulting from Park Service projects. As a result, cultural resources have been lost, and Park Service's ability to accurately interpret the historical and cultural resources in the parks has been hindered.

The Park Service has not implemented adequate guidelines and procedures for conducting inventories of its natural and archeological park resources. The primary reason for nonimplementation of guidelines and procedures has been overreliance on individual parks to develop the data elements needed for the

inventories and the consideration of guideline development as a lower priority function. Without adequate guidance, proposed inventory efforts of at least \$57.2 million over the next 5 years may not be conducted efficiently or effectively.

We recommended that the Director of the National Park Service (1) establish an insured loan program, request funds for rehabilitation grants, improve an existing tax incentive program, and prioritize immediate preservation needs to assist the nation in preserving its historic resources; (2) revise existing guidelines to ensure that project proposals for activities potentially affecting cultural resources in the parks are adequately prepared and reviewed and the projects are properly monitored; and (3) establish inventory guidelines and standard forms for Park Service's natural and archeological resources.

In its January 30, 1989, response to the draft report, the Park Service agreed with 6 of the 10 recommendations. The Park Service also agreed to obtain a formal legal opinion in response to Recommendation A.4 but did not agree to request a change in the tax law. However, Park Service did not provide action plans, target dates, or the names of officials responsible for implementing these recommendations. The Park Service disagreed with the three remaining recommendations (Nos. A.3, C.3, and C.4). We have clarified two of the three recommendations (Nos. A.3 and C.3) and are requesting that Park Service provide a revised response. We also asked that Park Service reconsider its position on the other two recommendations (Nos. A.4 and C.4). The Park Service also provided comments to clarify statements made in the draft report. These comments were incorporated into the report as appropriate. The full text of Park Service's response is provided in Appendix 3.

In accordance with the Departmental Manual (360 DM 5.3), we are requesting your written response to this report by May 24, 1989. Your response should provide the information requested in Appendix 4. The legislation creating the Office of Inspector General requires semiannual reporting to the Congress on all reports issued, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been implemented.



Harold Bloom

cc: Director, National Park Service
Audit Liaison Officer, Fish and Wildlife and Parks
Audit Liaison Officer, National Park Service

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INTRODUCTION

BACKGROUND

The National Park Service's mission for the Natural and Cultural Resources Programs is to identify and protect these resources located in the parks. The National Historic Preservation Act of 1966 assigned the Park Service the additional mission of administering programs designed to identify and protect the nation's historic resources within and beyond park boundaries.

The budget for the Natural Resources Program for fiscal year 1988 totaled \$63.3 million and provided for 966 full-time equivalent positions, including 703 positions assigned to the parks. The Natural Resources Program is composed of four divisions and two support offices. The missions of the Air Quality, Water Resources, and Wildlife and Vegetation Divisions are to help inventory and monitor the parks' resources and to help identify, research, and mitigate resource threats. The parks' resources include scenic vistas, floodplains, wetlands, rivers, lakes, and native and endangered plants and animals. The fourth division, the Geographic Information Systems Division, helps document park resources through its remote sensing and computerized mapping services. The four divisions also administer programs at the national level, such as the acid rain, air quality monitoring network, and integrated pest management programs.

The two support offices are the Office of the Senior Scientist and the Program Coordinators Office. The missions of these offices are to develop inventorying and monitoring guidelines, to provide general staff support to the Associate Director, and to operate the Natural Resources Publication Program.

The Cultural Resources Program has eight divisions. The missions of the Curatorial Services, History, Park Historic Architecture, and Anthropology Divisions are to identify and protect all cultural resources within park boundaries. The missions of the Preservation Assistance, Archeological Assistance, Historic American Buildings Survey and Historic American Engineering Record, and the Interagency Resources Divisions are to help identify and protect national cultural resources. To accomplish their missions, these divisions (1) provide overall guidance and policy for the tax incentives and matching grants programs; (2) develop and maintain the National Archeological Data Base; (3) document and preserve natural history specimens and cultural objects and maintain the National Catalog of Museum Objects; (4) maintain the National Register of Historic Places; (5) review and approve State Historic Preservation Programs; (6) administer the Certified Local Governments Program for local government participation in the national preservation program; (7) assist Federal agencies in carrying out National Historic Preservation Act, Section 110, historic preservation planning, survey, inventory, registration, and treatment activities; and (8) develop a comprehensive preservation planning model for states, local governments, and Federal agencies.

The budget for the Cultural Resources Program for fiscal year 1988 totaled \$53.9 million and provided for 1,125 full-time equivalent positions, including an estimated 110 positions in Washington, D.C., 360 positions in the regional offices, and 655 positions assigned to the parks. The park employees usually perform collateral duties. The Cultural Resources Program also received about \$24 million in Historic Preservation Fund grants to help support the preservation programs of State Historic Preservation Offices. The State Historic Preservation Offices basically serve as Park Service's partners for implementing the National Cultural Resources Programs through the identification, nomination, and preservation of National Register properties.

OBJECTIVE AND SCOPE

The objective of the audit was to determine if the Park Service was accomplishing its major program missions to inventory and protect park resources and to help identify and protect the nation's historic resources. Our program results review covered activities and records for the period October 1984 through April 1988. The offices and sites visited are identified in Appendix 1.

The audit was made in accordance with the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions," issued by the Comptroller General of the United States. Accordingly, it included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of the audit, we evaluated Park Service's internal controls over those natural and cultural resources activities which we considered necessary to accomplish the audit objective. The internal control weaknesses identified are discussed in the Findings and Recommendations section of this report. The recommendations, if implemented, should improve internal controls in these areas.

PRIOR AUDIT COVERAGE

The Office of Inspector General and the General Accounting Office have issued 10 audit reports during the past 5 years covering Park Service cultural or natural resources activities. A listing of the 10 reports is in Appendix 2.

Five of the reports dealt with inadequate resources inventories. The Office of Inspector General concluded (three reports) that most museum objects were not cataloged, surveyed as to condition, or adequately protected. The General Accounting Office concluded in a February 1987 report that inventories of park natural and cultural resources and documentation of man-made or natural threats from within and outside park boundaries have not been completed. In a December 1987 report, the General Accounting Office found that some archeological sites in the southwest were not identified and those sites that were identified were not adequately surveyed or protected.

The remaining five reports dealt with the National Cultural Resources Programs. In a May 1984 report, the General Accounting Office concluded that many of the National Cultural Resources Programs were not effectively implemented. A recent General Accounting Office report, issued in June 1988, identified a need for Park Service to increase its technical assistance responsibilities through preservation training and information assistance to Federal, state, and local governments and the general public. Three other General Accounting Office reports, based primarily on questionnaires, provided statistics on the tax incentive program and historic preservation funding needs.

Based on our current audit, problems identified in prior audits have not been corrected. Specifically, Park Service's natural and cultural inventories have not been completed. In addition, the Park Service has not implemented the insured loan program or requested funds for historic preservation grants.

FINDINGS AND RECOMMENDATIONS

A. NATIONAL HISTORIC PRESERVATION PROGRAMS

The Park Service has not effectively implemented or used Congressionally-authorized programs to meet an estimated \$1 billion immediate and \$14.6 billion total need for historic preservation assistance. The authorized programs consisted of direct financial assistance, such as insured loans or direct grants, and indirect assistance through rehabilitation tax incentives. The direct financial assistance programs were not implemented because (1) the Service lacked the resources to administer a loan program and (2) the Department had not requested authorized grant funds or administrative positions. The Service has implemented and relied on the tax incentive program as the primary means of historic preservation. However, the tax incentive program did not require that rehabilitation projects be reviewed prior to commencement of work. As a result of these program deficiencies, some of the National Register properties were not rehabilitated and may be lost to future generations because of severe deterioration, and certain rehabilitation work performed actually destroyed or significantly altered the historic values that it was trying to protect.

To help fund preservation needs, the National Historic Preservation Act authorized the Park Service \$150 million in annual grant funding through fiscal year 1992. The grants were to be used for identifying properties for nomination to the National Register and for preserving properties on the Register. The Act also required the Park Service to establish an insured loan program covering National Register properties. This program was intended as an incentive to lenders to provide funding for historical properties owned by people who would not otherwise qualify for loans. The program was also to be used for unusual or high-risk preservation projects, such as the acquisition of remote archeological sites, restoration of historic ships, and the rehabilitation of old structures for community centers. A third type of financial assistance program was authorized by the Tax Reform Act of 1976. The Act, as amended, currently allows a 20 percent tax credit for rehabilitation of historic buildings used in a trade or business or held for the production of income, such as commercial or residential rental properties.

In response to Congressional requests, the Park Service and the National Conference of State Historic Preservation Officers prepared an analysis of historic preservation needs versus the financial resources available to meet those needs. Their analysis, conducted during 1988, was based upon National Conference questionnaires sent to the State Historic Preservation Offices and upon discussions with a sample of National Register property owners, including National Historic Landmarks. The Landmarks are those properties designated as nationally important cultural resources. According to the study, the total preservation assistance needs for National Register properties was projected at \$14.6 billion, of which \$1 billion was an immediate need. The study concluded that existing financial assistance

programs were insufficient to meet preservation needs. We believe that better use of Congressionally authorized programs can assist in meeting these preservation needs.

Direct Assistance Programs

The Park Service has not requested any funds for the authorized grant program or for administrative positions since 1982 because of existing budget restrictions. Although Congress has authorized \$150 million per year since 1982 for grant assistance, the Park Service and the Department have not requested these funds in budget submissions. Congress did appropriate about \$21 million per year to support the preservation programs of the State Historic Preservation Offices, but funds for direct grants were not appropriated. Similarly, the insured loan program has not been implemented because, according to a Cultural Resources Program official, the Park Service lacks the resources needed to administer such a program. As in the case of grant assistance, the funds for a guaranteed loan program have not been appropriated because they were not requested by the Park Service or the Department because of budget constraints. We believe that these mandated programs should be implemented because existing programs at the state and local government levels are inadequate. We found that \$117.1 million of the \$141.7 million (83 percent) in financial assistance requests received in 24 states during fiscal year 1987 could not be provided because financial resources were not available at the state, local, or private levels.

Because these direct assistance programs were not used, the Park Service's ability to assist in rehabilitating National Register properties, including National Historic Landmarks, was limited. According to a September 1987 Park Service report on endangered National Historic Landmarks, 238 (13 percent) of the 1,811 Landmarks have deteriorated to the extent that their historic or architectural features may be lost. Nine of the 11 National Historic Landmarks we visited during our audit were in need of preservation assistance to ensure their continued existence. For example:

- Fort Mifflin, owned by the city of Philadelphia, was built in 1772 to protect the city against British attack from the Delaware River. The Fort was captured by the British during an important Revolutionary War battle. Major additions were made to the Fort in the 1790s prior to the undeclared war with France and the War of 1812. The Fort is presently in poor condition: the wooden gates need to be repaired or replaced, the brick walls of the Fort are deteriorating, and the Commandant's House is crumbling.

- The privately owned Carmichael House, located in Macon, Georgia, was built in the late 1840s and was designed by Elam Alexander, a renowned architect. The detail of the Greek Revival style architecture is threatened because of severe deterioration. The house is in need of a new roof, extensive repair of the exterior woodwork, painting, new plumbing and electric systems, and general maintenance.

Although rehabilitation costs have not been determined for these two National Historic Landmarks, the insured loan and grant programs could help provide the financial assistance needed to preserve these properties.

Because of the large amount of preservation assistance needed, the Park Service and other preservation organizations have undertaken a private donation campaign to save historic resources. The Park Service contracted for engineering studies for 34 of the 1,811 Landmarks, and the results identified a preservation need of \$13.3 million. Fliers showing the rehabilitation needs and cost estimates for 13 of these properties have been distributed in an attempt to raise public awareness and to solicit private donations. The Park Service plans to measure the effectiveness of this campaign in fiscal years 1989 through 1990.

Even with the implementation and use of available programs, all the preservation needs cannot be met immediately. Therefore, the Park Service should develop a priority listing and offer financial assistance to the most threatened properties to preclude their loss to future generations.

Indirect Assistance Program

The General Accounting Office reported that the Park Service administered the tax incentive program in a satisfactory manner regarding timeliness of processing applications and assistance provided in the application certification process. However, the tax incentive program has a major legal limitation: only private, viable, income-producing buildings or buildings used in a trade or business are covered by the program. The program generally does not cover archeological sites, private residences, and structures owned by nonprofit organizations and state and local governments. In our opinion, the program should not be relied on as the only major means to meet preservation needs because of this limitation. Further, we noted that rehabilitation plans under the program were not reviewed prior to commencement of work on 500 (30 percent) of the 1,643 projects processed during fiscal year 1987 by the Southeast and Mid-Atlantic Regions. As a result, the denial rates and corresponding destruction of historic values on these projects were nearly five times the rate for those submitted prior to commencing work (13 percent versus 2.7 percent).

To obtain the 20 percent tax credit under the program, the rehabilitation work must meet the minimum Park Service standards contained in the Secretary of the Interior's "Standards for Rehabilitation." The Park Service's application process is covered by the Code of Federal Regulations (36 CFR 67.6) which strongly recommends, but does not require, that the application be submitted for review and approval prior to commencing project work.

For fiscal year 1987, we found that 65 of the 500 projects started prior to review of the application were denied the tax credits. Total rehabilitation costs incurred for the 65 projects were \$34.6 million. We examined 24 of

the 65 projects and found that the reasons for denial were (1) loss of historic fabric and/or distinctive architectural features, (2) alteration of the historic floor plan, (3) construction of incompatible additions, and (4) improper or unnecessary replacement of windows. For example:

- A former city post office and courthouse in Syracuse, New York, was constructed in 1926 in the neoclassical architectural style. The rehabilitation project, costing \$9.4 million, was denied the credit because the applicant (1) unnecessarily and improperly replaced windows, which were important character-defining features of the structure; (2) removed a corridor which reflected the distinctive fan shape of the building's exterior; (3) removed walls resulting in the loss of the marble wainscoting and door surrounds; and (4) altered essential components of the first floor mail room using materials incompatible with the original character of the room.

- The Louis Sherry building, located in the Upper East Side Historic District in New York City, was constructed in the neoclassical style in 1928 for use as an ice cream parlor. This project, with a total rehabilitation cost of \$8.9 million, was denied the credit because of inappropriate construction of a modern two-story steel and glass addition to the top of the original two-story structure, which significantly affected the historical significance of the building. The Park Service, in denying the credit, stated that "the striking visual impact of the steel and glass addition conflicts with the character-defining, carefully balanced composition of classical proportions, profile, and detail in McKim, Mead, and White's design."

Allowing an applicant to submit a project application after work has commenced reduces the opportunity for the Park Service to review plans and request project changes before the historic values are destroyed or altered. If Park Service had reviewed the plans prior to the start of the project, the historic values to be protected on the 65 denied projects may have been saved.

To preserve the historic resources, the Park Service should initiate action to revise the regulation (36 CFR 67.6) and require that all applications be submitted and approved prior to initiating work. Park Service officials believe that it may be necessary to change the tax law in order to revise its regulation. Park Service has not requested a formal legal opinion on this matter. With stronger tax incentive application requirements, along with fully implementing the grant and insured loan programs, the Park Service can increase the effectiveness of its preservation assistance efforts.

Recommendations

We recommend that the Director, National Park Service:

1. Establish an insured loan program to guarantee loans made for the purpose of rehabilitating designated historic sites.

2. Request appropriation of Historic Preservation Funds, previously authorized by Congress, for rehabilitation grants.

3. Develop a priority listing of the most threatened National Register properties in need of immediate assistance as identified in the joint study (1988) conducted by the Park Service and the National Conference of State Historic Preservation Officers.

4. Request a legal opinion to determine whether the Code of Federal Regulations (36 CFR 67.6) can be revised to require that all tax incentive applications be submitted prior to initiating rehabilitation work. If the Park Service is not authorized to revise the regulation, request a Congressional revision to the Tax Reform Act to provide this authority.

National Park Service Response

Recommendation 1. The Park Service stated that it would not object to the establishment of an insured loan program and, in fact, would welcome this tool for preservation. However, the Park Service maintained that "such a request has been inconsistent with the previous Administration's budget strategy" and that it would "encourage the current Administration's budget officials in the Department to permit us to request these appropriations."

Recommendation 2. The Park Service stated that this recommendation, like Recommendation 1, would "require the approval of the Department and OMB [Office of Management and Budget] before it could be implemented." The Park Service further stated that it "would encourage the appropriation of funds from the Historic Preservation Fund for rehabilitation and other 'brick and mortar' work."

Recommendation 3. The Park Service stated that a priority listing of the most threatened properties has existed since 1978. Park Service said that this report, called the Section 8 Report, "is prepared by the National Park Service and is submitted by the Secretary of the Interior annually to Congress."

Recommendation 4. The Park Service commented that "the report correctly states that the National Park Service has not requested a formal legal opinion on whether a change in the tax law is necessary to require applicants to seek approval prior to commencement of work." The Park Service stated:

Shortly after the Tax Reform Act of 1976 was passed, and the Department of the Interior was drafting regulations to implement the mandated certification process, there were serious discussions with the Department's Office of the Solicitor over this very issue. It was their determination then, as it is today [telephone conversation, October 12, 1988], that such a requirement would not be valid legally, given the wording of the law. The Service will request a formal written opinion.

The Park Service further stated:

A recommendation [to request a revision to the Tax Code itself] is not realistic, particularly given that many rehabilitation projects are on a 'fast track.' It would not be supported by the preservation or development community. Developers must move quickly once financing is in place and, in some cases, cannot wait the 60 days that reviews normally take before starting work. Such a requirement would place an unnecessary burden on developers. It would also place added pressure on the state and the National Park Service to speed up their professional reviews to the extent that the quality of the reviews was compromised. We do not dispute the fact that denials of certification are more likely to occur once work gets underway without approval. Our program literature and the regulations themselves encourage property owners to apply as early as possible. To mandate written approvals prior to initiating work, however, is unfair to the very people the law is intended to benefit: the owners of historic buildings.

Given these facts, we believe that this recommendation is inappropriate and that our administration of this program within the parameters prescribed by the Congress is, at the very least, acceptable. We ask that this point be specifically clarified in the final report.

Office of Inspector General Comments

The response indicates that Park Service generally agreed to request the funds needed to implement Recommendations 1 and 2. However, the response did not indicate how or when Park Service will request these funds. We are asking that Park Service provide this information.

Recommendation 3. The Park Service stated that a priority listing of the most threatened properties already exists (Section 8 Report). However, this listing, which is prepared annually for submission to Congress, is limited to National Historic Landmarks. Our recommendation in the draft report was not limited to these properties but was intended to cover the larger group of National Register properties identified in the 1988 joint study of historic preservation needs conducted by the Park Service and the National Conference of State Historic Preservation Officers. As a result, we have clarified Recommendation 3 and are asking that Park Service provide a response to the revised recommendation.

Recommendation 4. The Park Service did agree to request a formal written opinion on whether the Park Service can require owners or developers to submit applications prior to the commencement of work. The Office of Inspector General statements relating to the higher denial rate for reviews performed after the commencement of work were not a criticism of the Park Service's timeliness but, as pointed out in Park Service's response, a valid observation of the problems associated with this type of review. We recognize that the Service does not know what applications will be submitted in advance. Consequently, we recommended that the Service legally change this procedure if possible.

One of the objectives of the Tax Reform Act of 1976 was to encourage preservation and rehabilitation of historic buildings through tax incentives. We concluded that submitting a project application after work has commenced reduces the opportunity for Park Service to review plans and request changes. In over 50 percent of the applications submitted prior to the commencement of work, Park Service routinely suggested changes or clarifications. Consequently, we do not believe that a 13 percent denial rate for reviews performed after the fact is within an acceptable margin when compared with the 2.7 percent denial rate for reviews performed prior to the commencement of work when the effect of such is the destruction of historic values.

Applicants should realize that the approval process takes time (60 days). However, this is not an inordinate amount of delay time given the personal economic (loss of tax credits), as well as the nationally historic, consequences of denial. In our opinion, every effort should be made to prevent the destruction of historical and cultural resources, including revising the regulations to require that all applications be submitted and approved prior to initiating work. Therefore, we are requesting that Park Service reconsider its response to Recommendation 4.

B. CONSERVATION OF CULTURAL RESOURCES

Over the past 4 years, at least 50 instances of either actual or possible destruction of cultural resources have resulted from Park Service projects. Both the 1916 Organic Act and the National Historic Preservation Act of 1966 require that the Park Service protect its historical and cultural resources. This adverse affect on cultural resources occurred because the Park Service has not properly reviewed and monitored park projects. In addition, Park Service has not developed definitive criteria for determining when a project proposal form should be prepared. As a result, cultural resources have been lost, and Park Service's ability to accurately interpret the historical and cultural resources in the parks has been hindered.

To meet its obligations under the Acts, the Park Service requires its parks to submit a form (XXX Form) to the regional office for approval of any proposed project that may affect cultural resources. The form and supporting documents should describe the scope of work and its potential effect on cultural resources. The documents are normally routed through the archeologist, historical architect, historian, and curator located in the region for their approval or comments. If the proposed project is considered to adversely affect cultural resources, it might be disapproved, revised, or monitored by an archeologist or architect to mitigate damages or recover any resources. If the proposed project is not covered in or differs from the park's General Management Plan (the overall plan which sets forth each park's basic management objectives and strategies), the region must submit the project proposal to the applicable State Historic Preservation Officer for comment. This procedure is required by a memorandum of agreement with the Advisory Council on Historic Preservation and the National Conference of State Historic Preservation Officers. If the Preservation Officer and the Park Service cannot agree on the project, the project is sent to the Advisory Council for their comments.

Destruction From Park Projects

Our review of the operations at three regional offices and six parks found that cultural resources were either destroyed or damaged because of work performed on 50 projects. The cultural resources were adversely affected by the project work because required forms were not prepared (37 projects, or 74 percent) or were inadequately processed (7 projects, or 14 percent) or the projects were not properly monitored (6 projects, or 12 percent).

Projects Without Forms. The parks did not prepare the forms because specific criteria on when a form was required had not been developed. According to Park Service Management Guideline No. 28, a form is "required for any undertaking potentially affecting cultural resources." Under this general criterion, a form could technically be required for minor items such as changing a door knob on a historical building or painting a wall with basically the same color and type of paint. Although the cultural resources staff in each region stated that they had specific criteria on when a form should be used, the Park Service had not formalized these criteria.

The 37 projects where forms were not prepared included 12 projects involving structures and 25 projects involving archeological sites. The damage resulting from these projects included both the destruction of the resources and the vertical or horizontal displacement of artifacts or soil from their original locations. Displacement often precludes an archeologist from determining how the resource was used in relation to other resources and the approximate time period the resource was used. For example:

- An official at Fredricksburg/Spotsylvania National Military Park gave an agricultural lessee permission to clear land near the historical Ellwood House without consulting the park historian. This house was used as a headquarters and a field hospital during the Civil War. As a result of the clearing operation, (1) soil and a brick feature were displaced, which impacted the interpretive aspects at the site, and (2) a portion of a road (50 yards) leading to the house was bulldozed and destroyed. In addition to the Civil War uses, the road was apparently used by the Marquis de Lafayette during his 1824 grand tour of America.

- During a chimney restoration of an 1824 farmhouse at Acadia National Park, a pit was dug beside the chimney to replace the rotten foundation. The work crew began hitting household-type artifacts and a charcoal layer from the original construction activity. The work was suspended, and an archeologist was brought on-site to prevent further displacement of the artifacts and charcoal layer.

Inadequate Form Processing and Monitoring. Damage to historic resources on the 13 projects with prepared forms occurred because the forms and supporting documentation were either inadequately prepared or processed or projects were not properly monitored. Specifically, the project scopes for seven of the projects were not fully described (2 projects), were significantly changed after the form was approved (4 projects), or were not covered in the park's General Management Plan (1 project). The remaining six projects were approved without a monitoring requirement (1 project), or the monitoring requirement was not implemented or enforced (5 projects). For example:

- At Valley Forge National Historical Park, the project scope provided for digging a drainage ditch 18 feet behind George Washington's headquarters to alleviate water seepage into the basement. This area was previously surveyed and found to be insignificant as far as archeological data. The project description, however, did not mention that the ground adjacent to the building would be cut away to make a graduated downward slope to the bottom of the ditch. The backhoe hit several 18th and 19th century artifacts, stone walls, a drainpipe, and stone paving. The project was stopped and redesigned halfway through completion to avoid further impact on the archeological resources.

- In another Valley Forge project, forms and related documentation were prepared for a historic mansion project (the Kennedy Mansion) but were not processed through the applicable State Historic Preservation Officer. Three

separate forms which detailed the leasing of the mansion for restaurant operations, the proposed installation of an on-site septic system, and the revised plan for connection of the mansion to the city sewer line were submitted to the region. During the digging of the sewer connector line, four known 19th century house cellars from the Port Kennedy area were struck. Cellar walls were damaged, and artifacts were noticed but not recovered. The Park archeologists stated that moving the line back 20 feet would have avoided the cellars. This sewer line project was not covered by the Park's General Management Plan and should have been processed through the State Historic Preservation Officer for an independent review in accordance with agreement procedures. This review might have resulted in a recommendation to revise the sewer line placement to prevent the damage.

- A form was approved for a contractor to install a chain link fence around the 18th century Creque Marine Railway complex at the Virgin Islands National Park. The approval required that the digging of the fence post holes be monitored by an archeologist. The archeologist monitored the digging of the initial post holes, which uncovered several artifacts, including flintlocks, building material fragments, and animal bones. The archeologist documented and recovered all the artifacts. However, the contractor failed to notify the archeologist of the remaining excavation work. Upon return, the archeologist found that the remaining holes had been dug, concrete poured, and the poles installed without any further recovery of artifacts. Although the form contained a monitoring requirement, Park Service did not implement procedures such as requiring the monitoring official's written approval before proceeding with project work to enforce this requirement.

Project Oversight

To improve regional oversight of park projects, the regional cultural resources staffs should review proposals for other park development and rehabilitation projects. Currently, only project proposals involving requests for regional or headquarters funding (Form 10-238) and those identified in the outline of planning requirements are routinely sent to the regional staff for review. In addition, these project proposals do not contain specific location data. In our opinion, other documents such as special use and right-of-way permits and all park-funded development projects described in budget documents or detailed Resource Management Plans (which implement the General Management Plan) should be reviewed by the regional staff for their effect on the parks' cultural resources. Further, project proposals should include specific location data, such as map coordinates, to assist in determining whether projects would affect archeological sites or nonsurveyed areas with possible archeological resources.

Recommendations

We recommend that the Director, National Park Service:

1. Revise Management Guideline No. 28 to include definitive criteria for determining when project proposal forms should be prepared.

2. Ensure that a XXX Form is properly prepared for all applicable projects by establishing guidelines that require:

- a. Specific location (map coordinates) and sufficient scope of work details for all project proposals.
- b. Other documents such as Resource Management Plans, right-of-way permits, and park project budgets to be referred to the regional cultural resources staffs.
- c. "Notice to Proceed" forms which are conditioned upon signatures from the monitoring archeologists/architects attesting that project notification was received and that project work is being observed for all project work affecting cultural resources.

National Park Service Response

Recommendation 1. The Park Service acknowledged that "Management Guidelines NPS-28 could be definitive on when project proposal forms should be used." The response further stated:

It should be recognized that, as pointed out in the draft report, the range of potential projects affecting the cultural resources is vast and there is little likelihood that conditions affecting all possible projects could be anticipated in NPS-28. Also, the intent of NPS-28 is to provide guidelines and not to present a cookbook approach to resource management. The role of the site manager and the regional officials is to apply their professional judgement and managerial skills to the problem at hand and to make the best possible decision given the circumstances in which they have to work. We will address this issue in our current review of the programmatic memorandum of agreement with the Advisory Council on Historic Preservation and the states and when NPS-28 is revised. Revision of NPS-28 is scheduled for fiscal year 1991.

Recommendation 2. The Park Service concurred with the recommendation and will include these elements in the review of NPS-28 mentioned above.

Office of Inspector General Comments

The Park Service response indicates agreement with both recommendations. However, the Park Service did not provide specific target dates and the name(s) of the official(s) responsible for implementation.

C. INVENTORIES OF NATURAL AND ARCHEOLOGICAL RESOURCES

The Park Service has not implemented adequate guidelines and procedures for conducting inventories of its natural and archeological park resources. In the National Park Service's July 1975 management objectives, the Park Service stated that the resources inventories were the first steps in its primary mission to conserve natural and cultural resources. The Park Service has not implemented adequate guidelines and procedures because it has relied on the individual parks to identify the data elements needed for the inventories and development of the guidelines was considered a lower priority. According to the Park Service's Systemwide Summary and Action Program Reports, the Natural Resources Program has identified an estimated \$57.2 million in inventory efforts over the next 5 years, and the Cultural Resources Program has surveyed only about 12 percent of the parklands for archeological sites. Without adequate guidance, these inventory efforts may not be conducted efficiently and effectively.

There are two basic types of inventories: bibliographic and item/site specific. The bibliographic inventory lists past item/site inventory or related research reports. Common data elements found in various Federal, state, and nonprofit organizations' bibliographic inventories include the title of the report, its author, where the report or detailed inventory records are located, a brief abstract of the report, and the general (county) and specific (map coordinates) site locations of where the report work was performed. Item/site inventories provide information on specific cultural or natural resources within the parks. Common data elements include the general location and boundary of the item, condition of the item, item quantity, description of the surrounding habitat, and a bibliographic section or separate bibliography form for the inventory source documents.

Bibliographic Inventories

The Park Service has not established a bibliographic inventory for its Natural Resources Program. A limited inventory listing the ongoing research projects was prepared by the Science Office prior to 1977. In 1977, the Park Service started to computerize the report; however, both the report and the computer project were cancelled about a year later because of the cost and the reorganization of the Natural Resources Program.

The Cultural Resources Program is in the process of implementing a park and a national bibliographic inventory. The national inventory, National Archeological Data Base, was mandated by Congress as an aid to avoid duplicating archeological survey and inventory reports undertaken prior to Federal or Federally-assisted construction projects. We found that the park and national data bases were incomplete as follows:

- The source of report entries to both data bases was inadequate. The park-oriented bibliography was based only upon reports available in Park Service files. For the national data base, the listed reports were obtained

from the State Historic Preservation Offices. However, the data base did not list most of the reports completed prior to 1967 because these offices were established after the passage of the National Historic Preservation Act of 1966. We found that less than 1 percent of the entries in the data base pertained to reports dated prior to the Act for 19 of 20 states reviewed. The exception was Kentucky, where 17 percent of the entries were for reports completed prior to 1967. The data base entries for Kentucky were obtained from the University of Kentucky, which served as the state's archeological office prior to the 1966 Act. In order to obtain the most comprehensive list of reports, procedures should be established to expand the sources of data to include state universities, museums, separate state archeological offices, and other applicable sources.

- Both of the data bases excluded site locations where the report work was performed. Map coordinates were not entered for any of the 3,551 National Archeological Data Base report entries reviewed for the states of Kentucky, Tennessee, and Florida. Further, the data base did not include an element for the state archeological site number, which could serve as a cross-reference to other data bases (Park Service or state) where the site location data may be obtained. We understand that existing regulations charge Federal agency heads and state Historic Preservation Offices with the responsibility of protecting archeological resources under their jurisdictions and that the release of site-specific location data could undermine the resource protection responsibilities of these agencies. However, the Park Service should at least provide site location data to those individuals that are conducting projects within park boundaries. Without the exact location of the archeological site or survey area, the ability of personnel from Park Service or construction contractors to accurately determine whether the location of a project will adversely affect archeological resources will be hindered and ultimately may result in damage to or loss of the resources.

Item/Site Inventories

The proposed inventory guidelines developed for the Natural Resources Program did not include standard inventory forms and specifics on data needs and uses. The proposed guidelines listed data element requirements; however, standard inventory forms were not developed for obtaining this data. In addition, the guidelines did not explain why these elements were required or how they could be used for protecting or managing parks' resources. These guideline deficiencies were due in part to management's belief that identification of specific inventory data elements and uses should be determined by the individual parks and regions. Without Servicewide guidelines and forms, unneeded data may be collected, while minimum essential data for protecting the resources may not be obtained and thus result in additional site work. Further, when the inventory guidelines are established for natural resources, they should be coordinated with the Cultural Resources Program to aid them in their inventory efforts. For example, certain vegetation, soil, water source, and other data included in natural resources inventories could be helpful in predicting locations of prehistoric or historic Indian sites.

The Cultural Resources Program has established several broad archeological inventory procedures in its Management Guideline No. 28. Program management has also developed a draft (computerized) site inventory form, but basic physiographic elements such as soil type, vegetation cover, type of and distance to nearest water source, site depth, percentage and direction of slope, and ground elevation are not required on this form. These data elements should be gathered because they provide useful information, such as the susceptibility of the site to human or environmental threats, and can help predict where other archeological sites may exist.

A standard site form is needed because each of the three Park Service regions reviewed used a different type of site inventory form. The North Atlantic Region adopted a version of the draft form and has been using it for about 18 months. The Southeast Archeological Center (the Southeast Region) has been using a different form with substantially more data elements for over 5 years. The Mid-Atlantic Region has not been using a standard form but has been completing individual state site forms applicable to the locations of the individual parks. Both the North Atlantic Region and the Archeological Center completed state forms in addition to their own forms. To ensure consistency in data gathering, the Park Service needs to coordinate its efforts to develop a form with the National Conference of State Historic Preservation Officers, which is also trying to arrive at a standard site inventory form.

Recommendations

We recommend that the Director, National Park Service:

1. Establish a natural resources bibliography inventory.
2. Establish procedures which expand the sources of inventory reports entered into the Cultural Resources Program bibliographies to include universities, museums, and state archeological offices.
3. Enter (create an element if necessary) specific location data and any archeological site numbers from studies conducted within park boundaries into the Cultural Resources Program bibliographies.
4. Establish detailed natural and cultural resources inventory guidelines and standard inventory forms for Servicewide use. Coordinate these efforts between programs and with the National Conference of State Historic Preservation Officers.

National Park Service Response

Recommendation 1. The Park Service said that it "agrees and has nearly completed an inventory of fiscal year 1987 research." It further stated that "a new systematic automated approach to collecting information on research activities is being implemented for fiscal year 1988 research activities."

Recommendation 2. The Park Service stated:

We estimate that there are more than 200,000 reports in State Historic Preservation Offices and it is essential that the National Archeological Data Base (NADB) provide ready access to these sources. The State Historic Preservation Offices have always been viewed as the place to begin NADB data collection especially to address the problem of entering the report backlog. We have already recognized the need to collect records about earlier reports from other sources and will do so. It is also important to remember that an archeologist does have access to information about earlier reports in the 'references cited' sections of reports obtained as a result of conducting a NADB records search.

Recommendation 3. The Park Service did not concur with this recommendation. It stated:

Both the Congressional mandate for the National Archeological Data Base (NADB) and the structure of the Federal archeological resources preservation program require two considerations. Information about archeological sites and their locations is protected under both the National Historic Preservation Act (Section 304) and the Archeological Resources Protection Act (Section 9). The heads of Federal agencies are each charged with the responsibility of protecting archeological resources under their separate jurisdictions. Controlled access to locational information about archeological sites is, therefore, the management responsibility of the individual Federal agencies having jurisdiction over those sites. Federal managers may provide such information only after making a determination that the release of the information will not create a substantial risk of harm, theft, or destruction of archeological resources. Providing precise locational information in a public access database such as NADB would undermine the resource protection responsibilities of the heads of Federal agencies. A similar responsibility is assumed by the individual State Historic Preservation Offices for those archeological sites that are within the respective States. This recommendation cannot be accepted and should be deleted from the report.

Recommendation 4. The Cultural Resources Program officials responded:

...no compelling advantages have been presented for developing and using a standard site inventory form. Indeed, there are convincing reasons of economy, effort and marginal value that argue against a common inventory form. We do not concur in the recommendation but are willing to entertain the possibility should a reasonable and compelling reason exist.

The Natural Resources Program officials responded:

...detailed guidelines and standards are being developed in conjunction with the development of comprehensive Natural Resources Guidelines (NPS-77) which will be completed in 1989. Coordination

with Cultural Resources is and will be undertaken. The appropriate vehicle for collecting inventory data has not yet been determined. Standardized forms may or may not be the most appropriate vehicle, but will be considered.

Office of Inspector General Comments

The response indicates that Park Service agrees with Recommendations 1 and 2. However, Park Service did not provide an action plan which details how the recommendations will be implemented, target dates, and the names of the officials responsible for implementation.

The Park Service's concerns over protecting locational information on archeological resources is understandable. However, we believe that providing locational data to Park Service officials and contractors within park boundaries is essential to protect those resources from environmental and human disturbances. The data bases for bibliographies can be designed to restrict access to such data to individuals authorized by the Park Service. If specific location data and archeological site numbers had been entered into Park Service bibliographies, the loss of cultural resources from Park Service projects (as described in Finding B) could have been mitigated or prevented. Therefore, we have clarified Recommendation 3 to state that specific location data from studies conducted within park boundaries should be entered into the bibliographies. We are requesting that Park Service provide additional responses to this revised recommendation.

Officials within the Cultural and Natural Resources Programs responded differently on whether standard inventory forms should be used or even considered (Recommendation 4). Natural Resources Program officials stated that the appropriate vehicle for collecting inventory data had not been determined but that standardized forms would be considered. Cultural Resources Program officials stated that there are no compelling advantages to using such a form.

We found that other Federal agencies, states, and nonprofit conservation organizations are already using or have recently adopted the use of forms that provide standard data elements and ensure the consistency of the data collected. Currently, two of the three Park Service regions reviewed are completing at least two forms (their own as well as individual state forms), which we believe is uneconomical and results in duplication of efforts. The use of a standard form would eliminate this problem. Therefore, we are requesting that Park Service reconsider its position on Recommendation 4.

OFFICES AND SITES VISITED DURING THE AUDIT

<u>Park Service Offices</u>	<u>Location</u>
Washington Office	Washington, D.C.
Mid-Atlantic Region	Philadelphia, Pennsylvania
Valley Forge National Historical Park	Valley Forge, Pennsylvania
Independence National Historical Park	Philadelphia, Pennsylvania
National Capital Region	Washington, D.C.
North Atlantic Region	Boston, Massachusetts
Boston National Historical Park - (Charlestown Navy Yard)	Boston, Massachusetts
Minute Man National Historical Park	Concord, Massachusetts
Rocky Mountain Region	Denver, Colorado
Rocky Mountain National Park	Estes Park, Colorado
Southeastern Region	Atlanta, Georgia
Big Cypress National Preserve	Ochopee, Florida
Biscayne National Park	Homestead, Florida
Canaveral National Seashore	Titusville, Florida
Chickamauga and Chattanooga National Military Park	Fort Oglethorpe, Georgia
Everglades National Park	Homestead, Florida
Southeast Archeological Center	Tallahassee, Florida
Southwest Region	
Big Thicket National Preserve	Beaumont, Texas
Washington Field Offices	
Geographic Information System Division	Denver, Colorado
Air Quality Division	Denver, Colorado
Water Resources Division	Fort Collins, Colorado
<u>External Offices and Properties</u>	
Georgia State Historical Preservation Office	Atlanta, Georgia
Northeast Georgia Area Planning and Development Commission	Athens, Georgia
Macon Heritage Foundation	Macon, Georgia
Pennsylvania Area	Philadelphia, Pennsylvania
	Bethlehem, Pennsylvania

LIST OF PRIOR AUDIT REPORTSGENERAL ACCOUNTING OFFICE

<u>Report Number</u>	<u>Issue Date</u>	<u>Report Title</u>
GGD-84-47	March 29, 1984	Information on Historic Preservation Tax Incentives
RCED-84-114	May 30, 1984	Federal Government's Progress In Implementing a National Archeological and Historic Preservation Program
RCED-86-60FS	December 10, 1985	Results of Questionnaire on State Historic Preservation Activities
GGD-86-112FS	August 1, 1986	Historic Preservation Tax Incentives
RCED-87-36	February 9, 1987	Limited Progress Made in Documenting and Mitigating Threats to the National Parks
RCED-88-3	December 15, 1987	Problems Protecting and Preserving Federal Archeological Resources
RCED-88-81	June 9, 1988	Implementation of Federal Historic Preservation Program Can Be Improved

OFFICE OF INSPECTOR GENERAL

<u>Report Number</u>	<u>Issue Date</u>	<u>Report Title</u>
W-FW-NPS-14-85	March 22, 1985	Review of Museum Management at the Nez Perce National Historical Park
W-FW-NPS-21-84	June 27, 1985	Review of Internal and Management Controls Over Library and Museum Collections of the National Maritime Museum, Golden Gate National Recreation Area
E-FW-NPS-10-85	November 22, 1985	Audit of Museum Collection Management



United States Department of the Interior

NATIONAL PARK SERVICE
P.O. BOX 37127
WASHINGTON, D.C. 20013-7127



IN REPLY REFER TO:
F4217 (230)

JAN 30 1989

Memorandum

To: Assistant Inspector General for Audits

From: Audit Liaison Officer
National Park Service

Subject: Natural Cultural Resources Program, NPS
Audit No. E-FW-NPS-02-88

Attached is the response of the National Park Service to your memorandum dated December 23, 1988, on the subject audit.

Russell K. Olsen

Attachment

**Natural and Cultural Resources Programs
(Assignment No. E-FW-NPS-02-88)**

Fundings Regarding Cultural Resources

General Comments

A primary focus of the draft report seems to be the fact that an insured loan program authorized by Section 104 of the National Historic Preservation Act, as amended in 1980, has never been implemented and is not available as a preservation tool. The draft report and the cover letter both state the reason as the lack of in-house expertise. This is not an accurate approach to explaining the absence of an insured loan program.

The insured loan program called for in the 1980 amendments to the National Historic Preservation Act has not been implemented because the National Park Service has not been allocated the dollars or personnel ceilings to allow implementation of the insured loan program. The reason the dollars and personnel positions were not forthcoming is because the Secretary of the Interior in February 1981 advised the National Park Service not to develop any proposals on starting or funding new program initiatives and that there would be a moratorium on requests for appropriations into the Historic Preservation Fund and the Land and Water Conservation Fund. Therefore, in this climate, development, rehabilitation and all other forms of grants were eliminated from funding requests and no new programs could be implemented. Assistance to carry out the basic activities of State Historic Preservation Offices was preserved only through the action of the Congress independent of the Administration's budget recommendations.

The audit implies that the Service has not effectively implemented any of the authorized and funded programs provided by the Congress for preserving cultural resources. It is not logical that ineffective implementation of a program results from an inability to activate that program. The Service is eager to implement these programs once OMB and Departmental budget and policy restrictions are removed. We ask that appropriate sections of the draft report be changed accordingly.

The draft report's cover memorandum states that tax credits were lost due to lack of timely reviews of owners' applications for certification and approval. The implication is that NPS delays were responsible for the loss of significant tax credits. In fact, as the report mentions on page 10, the General Accounting Office found that the program was administered "in a satisfactory manner regarding timeliness." The loss of credits is not due to lack of timeliness on the part of the National Park Service, but rather on a lack of timeliness on the part of owners who did not

follow the program options to submit applications prior to commencement of work as allowed under law and regulation and as encouraged by the National Park Service. We address this issue more specifically in our specific comments on the draft report recommendation.

Specific Comments

Page 2 The description of the Cultural Resources Program Division missions in paragraph 2 is incomplete. Delete "tax incentive program" on line 9 and insert in its place "tax incentives and matching grants programs". Delete the wording after the number "(3)" in line 10 and replace it with the following: "document and preserve natural history specimens and cultural objects and maintain the National Catalog of Museum Objects, and". Replace the period at the end of the paragraph with a comma and add the following "5) review and approval of State Historic Preservation Programs, 6) administration of the Certified Local Governments Program for local government participation in the national preservation program, 7) assistance to Federal agencies in carrying out National Historic Preservation Act, Section 110 historic preservation planning, survey, inventory, registration, and treatment activities, and 8) development of a comprehensive preservation planning model for States, local governments, and Federal agencies."

Page 6 Add: "or administrative positions and funds" to reason "(2)" for not implementing the insured loan program. Make parallel change on Page 8.

Page 7, 2nd Para Definition of NHLs will cause problems in other corners. Should be "nationally important", not "most important".

Page 8 Drop the first sentence; it is not helpful without explanation.

Page 8, Line 16 Change "Park Service" to "Department."

Page 10 The primary purpose of the "Landmarks at Risk" fliers was to raise public awareness of endangered Landmarks through the media and secondarily to identify where dollars could be sent to assist such resources. The effectiveness of the campaign has not been measured at this time. This is not because the National Park Service lacks the resources to document the results, but because fliers were not printed and distributed until fiscal year 1988. It is simply too early to document the results. The National Park Service, in cooperation with the National Park

Foundation, plans to assess the effectiveness of these fliers in fiscal years 1989-90.

Page 11 The report refers on pages 11, 12, and 13 to the audit team's review of 65 out of 500 tax act projects that were not approved prior to commencement of the work and were subsequently denied the tax credits because the completed work did not meet the Secretary of the Interior's Standards for Rehabilitation. If these 65 projects can be taken as a valid sample of the rate of approvals and denials, then the rate of denials and loss of historic significance, while regrettable, is not as disastrous as the draft report would make it appear.

These 65 projects represent a denied tax credit on only 13 percent of the 500 rehabilitations that the owners undertook without the benefit of preapproval by the National Park Service. The Service never saw these projects before they were presented for approval of the tax credit and yet 87 percent of the owners managed to completed their rehabilitations according to the Secretary of the Interior's Standards for Rehabilitation, a number large enough to suggest factors other than coincidence or chance.

Considering that the administration of the tax incentive program nationwide by the National Park Service has generated over \$13 billion in successful rehabilitation work spread over some 20,000 rehabilitation projects, we expect that the loss of the unspecified amount of tax credits and the alteration or destruction of historic values referred to by the audit team, while regrettable, are likely within an acceptable margin.

Page 13 The report notes that rehabilitations not reviewed prior to commencement of work experience a greater rate of denial than projects reviewed as proposed work. The National Park Service does not dispute this observation. We do wish to point out, however, that the Service is only in a position to react to applications when they are submitted and, except for unusual circumstances, the Service has no way of knowing in advance what applications will be submitted for review and approval.

Page 14, Recommendation 1 While the National Park Service would not object to the establishment of an insured loan program and, in fact, would welcome this tool for preservation, such a request has been inconsistent with the previous Administration's budget strategy. We will encourage the current Administration's budget officials in the Department to permit us to request these appropriations.

Page 14, Recommendation 2 This recommendation, like recommendation 1, will require the approval of the Department and

OMB before it could be implemented. The National Park Service would encourage the appropriation of funds from the Historic Preservation Fund for rehabilitation and other "brick and mortar" work.

Page 14, Recommendation 3 This recommendation urges the Director to develop a priority listing of the most threatened properties. Such a list has existed since 1978; it is called the Section 8 Report and is prepared by the National Park Service and is submitted by the Secretary of the Interior annually to Congress.

Page 14, Recommendation 4 The report correctly states that the National Park Service has not requested a formal legal opinion on whether a change in the tax law is necessary to require applicants to seek approval prior to commencement of work. Shortly after the Tax Reform Act of 1976 was passed and the Department of the Interior was drafting regulations to implement the mandated certification process, there were serious discussions with the Department's Office of the Solicitor over this very issue. It was their determination then, as it is today, (telephone conversation with Lars Hanslin, Esq., October 12, 1988), that such a requirement would not be valid legally, given the wording of the law. The Service will request a formal written opinion.

The recommendation also directs that the National Park Service request a revision to the Tax Code itself if it is unable to change regulations. This recommendation is not realistic, particularly given that many rehabilitation projects are on a "fast track." It would not be supported by the preservation or development community. Developers must move quickly once financing is in place and, in some cases, cannot wait the 60 days that reviews normally take before starting work. Such a requirement would place an unnecessary burden on developers. It would also place added pressure on the State and the National Park Service to speed up their professional reviews to the extent that the quality of the reviews was compromised. We do not dispute the fact that denials of certification are more likely to occur once work gets underway without approval. Our program literature and the regulations themselves encourage property owners to apply as early as possible. To mandate written approvals prior to initiating work, however, is unfair to the very people the law is intended to benefit: the owners of historic buildings.

Given these facts, we believe that this recommendation is inappropriate and that our administration of this program within the parameters prescribed by the Congress is, at the very least, acceptable. We ask that this point be specifically clarified in the final report.

Page 15, Para 1 The phrase "historic resources and archeological sites" should be changed to "cultural resources". Delete "historical and cultural qualities" in the last two lines and insert "cultural" before the word "resources" in the last line of the paragraph.

Page 15, Para 2 In the third, fifth and eighth lines, replace the word "historic" with the word "cultural". In the sixth line, delete "and" before "historian" and insert "and curator" after "historian".

There is an apparent contradiction between the third sentence of paragraph one and the first sentence of paragraph two. In the first paragraph, the report states that the National Park Service has not developed "specific criteria" for determining when a project proposal for, (XXX form) should be used. However, in the second paragraph the report acknowledges that the National Park Service requires that a XXX form be prepared when any proposed project may affect cultural resources. This statement is the "specific criteria" that the report states the National Park Service has not developed.

Page 16, Para 1 Delete "approval or" and the "s" on comment in the third line. Delete the last word in the paragraph and insert in its place "their comments. The ultimate decision on whether projects proceed rests with the Regional Director.". In paragraph 2, replace the word "historic" in lines two and four with the word "cultural".

Page 18 As a correction to the description of the project at George Washington's headquarters in Valley Forge National Historical Park, the project was not discontinued after archeological resources were unearthed. Rather, the project was redesigned to avoid further impact on resources. The project area was personally surveyed by the Regional Archeologist, Dr. David Orr.

Page 21, Recommendation 1 We acknowledge that Management Guideline NPS-28 could be definitive on when project proposal forms should be used. It should be recognized that, as pointed out in the draft report, the range of potential projects affecting the cultural resources is vast and there is little likelihood that conditions affecting all possible projects could be anticipated in NPS-28. Also, the intent of NPS-28 is to provide guidelines and not to present a cookbook approach to resource management. The role of the site manager and the Regional officials is to apply their professional judgement and managerial skills to the problem at hand and to make the best possible decision given the circumstances in which they have to work. We will address this issue in our current review of the

programmatic memorandum of agreement with the Advisory Council on Historic Preservation and the States and when NPS-28 is revised. Revision of NPS-28 is scheduled for FY 1991.

Page 21, Recommendation 2 We concur with this recommendation and will include these elements in the review of NPS-28 mentioned above.

Page 27, Recommendation 2 We estimate that there are more than 200,000 reports in State Historic Preservation Offices and it is essential that the National Archeological Data Base (NADB) provide ready access to these sources. The State Historic Preservation Offices have always been viewed as the place to begin NADB data collection especially to address the problem of entering the report backlog. We have always recognized the need to collect records about earlier reports from other sources and will do so. It is also important to remember that an archeologist does have access to information about earlier reports in the "references cited" sections of reports obtained as a result of conducting a NADB records search.

Page 27, Recommendation 3 We do not concur in this recommendation. Both the Congressional mandate for the National Archeological Data Base (NADB) and the structure of the Federal archeological resources preservation program require two considerations. Information about archeological sites and their locations is protected under both the National Historic Preservation Act (Section 304) and the Archeological Resources Protection Act (Section 9). The heads of Federal agencies are each charged with the responsibility of protecting archeological resources under their separate jurisdictions. Controlled access to locational information about archeological sites is, therefore, the management responsibility of the individual Federal agencies having jurisdiction over those sites. Federal managers may provide such information only after making a determination that the release of the information will not create a substantial risk of harm, theft, or destruction of archeological resources. Providing precise locational information in a public access database such as NADB would undermine the resource protection responsibilities of the heads of Federal agencies. A similar responsibility is assumed by the individual State Historic Preservation Officers for those archeological sites that are within the respective States. This recommendation cannot be accepted and should be deleted from the report.

Page 27, Recommendation 4 No compelling advantages have been presented for developing and using a standard site inventory form. Indeed, there are convincing reasons of economy, effort and marginal value that argue against a common inventory form. We do not concur in the recommendation but are willing to

entertain the possibility should a reasonable and compelling reason exist.

Findings Regarding Natural Resources Inventories

The report indicates that the Park Service has not implemented adequate guidelines and procedures for conducting inventories. It points out that an estimated \$57.2 million in inventory efforts has been identified and that adequate guidance is needed to undertake these efforts effectively and efficiently. The finding is accurate. However, it should be clarified that a need for \$57.2 million in inventory efforts has been identified; this does not mean that this amount of inventory has been programmed for the next 5 years, as currently implied.

The audit also correctly finds that there is not an up-to-date bibliography of natural resources inventories.

Recommendations

1. Establish a natural resources bibliographic inventory.

Response: The Park Service agrees and has nearly completed an inventory of FY 1987 research. A new systematic automated approach to collecting information on research activities is being implemented for FY 1988 research activities.

4. Establish detailed natural [and cultural] resources inventory guidelines and standard inventory forms for Servicewide use. Coordinate these efforts between programs [and with the Natural Conference of State Historic Preservation Officers].

Response: Detailed guidelines and standards are being developed in conjunction with the development of comprehensive Natural Resources Guidelines (NPS-77) which will be completed in 1989. Coordination with Cultural Resources is and will be undertaken. The appropriate vehicle for collecting inventory data has not yet been determined. Standardized forms may or may not be the most appropriate vehicle, but will be considered.

STATUS OF AUDIT REPORT RECOMMENDATIONS

<u>Finding/Recommendation Reference</u>	<u>Status</u>	<u>Action Required</u>
A.1 and A.2	Management concurs; additional information needed.	Provide action plans which detail how these recommendations will be implemented, target dates, and the name(s) of the official(s) responsible for implementation.
A.3	Unresolved.	Provide a response to the revised recommendation.
A.4	Unresolved.	Reconsider the portion of the recommendation to request a revision to the Tax Reform Act to require that all tax incentive applications be submitted prior to initiating rehabilitation work.
B.1 and B.2	Management concurs; additional information needed.	Provide target dates and the name(s) of the official(s) responsible for implementation.
C.1 and C.2	Management concurs; additional information needed.	Provide action plans which detail how the recommendations will be implemented, target dates, and the name(s) of the official(s) responsible for implementation.
C.3	Unresolved.	Reconsider the revised recommendation to enter specific location data into the Cultural Resources Program bibliographies.
C.4	Unresolved.	Reconsider the recommendation to establish standard inventory forms for Service-wide use.

