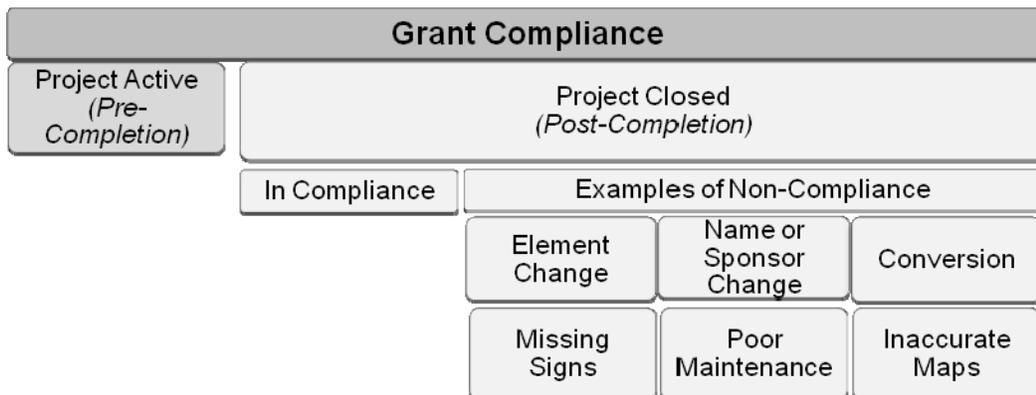


Aspects of Grant Compliance



Background

The RCO is responsible for the administration and long-term compliance of approximately \$1 billion in public funds granted for outdoor recreation and conservation projects funded by the board¹. With several thousand recreation and conservation grants awarded since 1966, it is inevitable that the grant portfolio would increasingly face compliance concerns as it grows.

Historically RCO staff had more time for post-completion compliance. However, as the portfolio of grant programs began to expand, more time was needed to process applications, draft contracts and ensure initial project compliance. As these priorities took center stage, staff was less able to visit past funded projects to conduct scheduled compliance. Thus, over the past ten years a smaller portion of agency time was devoted to grant post-compliance efforts.

Another issue of concern is that the National Park Service (NPS) has recently determined that the State of Washington must make substantial progress on outstanding conversions in order to continue its eligibility for grants from the Land and Water Conservation Fund. Due to some long standing compliance issues, some local and state agencies are currently ineligible to receive new grants through the NPS.

Furthermore, trends of development and population growth have put considerable pressure on increasingly vulnerable public lands. RCO grants come with perpetual responsibilities, but we know that many of those grants and projects will be modified over time by the inevitable and constantly changing needs and values of grant sponsors and the larger society they reflect.

In the past several years, the RCO and the board have renewed their efforts to concentrate more effort on the compliance program. The program looks at the “life cycle” of grants, communicating with sponsors to help them scope new projects in ways to avoid future compliance issues and to address existing compliance concerns. Key efforts have included the following:

¹ For purposes of this memo, figures exclude compliance related to Salmon Recovery Funding Board grants. Those projects, however, also fall under the purview of the RCO compliance responsibilities.

- The board adopted a new compliance policy in June 2007;
- The RCO hired its first full-time specialist devoted to compliance and conversions in 2008;
- The RCO is increasing the number of post-completion inspections, including the hiring of seasonal staff (2008) exclusively for inspection work;
- The RCO is increasing communications with sponsors that have compliance issues.

In the coming years, as RCO's compliance initiative picks up steam, compliance and conversion issues will be a growing part of both the agency's and board's workload.

Analysis

The RCO has established two primary goals for its post-completion compliance efforts:

1. Protect existing investments, and
2. Be open, deliberate and collaborative with our grant sponsors.

Post-completion grant compliance is an important, yet complicated and growing challenge for the agency. Staff has divided the initial work into five major components:

- **Scoping the problem:** Staff is gathering data to determine the size and complexity of the grant compliance problem by researching old files, the Project Information System (PRISM), and interviewing grant managers.
- **Defining a process:** Staff is documenting the procedures and standards needed to complete a conversion or address other forms of noncompliance. These will include systems for making decisions and examples to make grant compliance easier and more systematic.
- **Tracking our progress:** Staff is creating tools that distinguish potential from confirmed compliance problems, track the current workload, and use media (e.g., newspapers and web) to avoid, confirm and resolve grant compliance problems. Some of these tools will eventually be incorporated into PRISM.
- **Monthly meetings with the Director:** Regular meetings with staff who are responsible for compliance provide timely opportunities for strategic discussion and allocation of limited compliance resources. Our strategy is to resolve issues at a staff level whenever possible and use executive management resources only where necessary to resolve differences.
- **Identifying needed policy decisions:** The RCO policy staff and conversion specialist are considering the policy dimensions of this initiative for future board discussion. Examples of key policy issues needing clarification include de minimis non-compliance, public participation, and definitions of "reasonably equivalent" location, recreation or habitat value.

Progress to Date

The RCO has had some initial successes in the past year, and has resolved several compliance problems. Many more are making significant progress toward resolution. In recent summers, we hired retired RCO staff who conducted several hundred site inspections. The agency has raised

the profile of compliance among staff and sponsors. Finally, staff is working closely with the NPS and with state agency sponsors to loosen some longstanding compliance logjams.

We have preliminary indications that between 5 and 10 percent of the RCO grant portfolio may require some sort of compliance effort. It appears that the overwhelming majority of these will not be conversions, but rather simpler forms of non-compliance issues such as element changes, name changes, or sponsor changes.

Next Steps

The RCO will continue to develop and refine our approach as we investigate and resolve individual projects. At the same time we will develop and improve the policies and procedures needed to address a wide variety of compliance and conversion situations. Staff will continue monthly meetings with executive management to get feedback and respond to evolving priorities.

Our compliance effort must be built on and extend the collaborative relationships we maintain with grant sponsors. This will mean respectful and mutual problem solving, as well as clear expectations and timelines. In the long-term, we will improve our processes so that sponsors will be less likely to have compliance and conversion problems in the future.

Staff will provide examples of current compliance efforts at the July 2009 board meeting.