



# AUDIT HIGHLIGHTS

## Preserve Operations

February 12, 2016

Audit Report No. 1605

### WHY WE DID THIS AUDIT

An audit of Preserve Operations was included on the City Council-approved FY 2015/16 Audit Plan.

The audit objective was to evaluate Preserve operations and sustainability.

### BACKGROUND

In 1994, the City of Scottsdale dedicated the McDowell Sonoran Preserve with 2,860 acres of City-owned property. The Preserve currently consists of 30,000 acres of natural desert with 11 trailheads and 170 miles of trails.

Scottsdale voters have approved two transaction privilege taxes dedicated to purchasing Preserve land and making Preserve improvements, such as trails and trailheads. Because the Preserve taxes are restricted to capital uses, the City's General Fund pays for the Preserve's ongoing maintenance and operations.

Preserve operations are also supported by the McDowell Sonoran Preserve Commission and the McDowell Sonoran Conservancy (MSC). The Commission is appointed by the Council to make recommendations on Preserve matters. The MSC is a non-profit organization dedicated to conserving desert land and supporting the Preserve.

### City Auditor's Office

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### WHAT WE FOUND

1. **Preserve costs could be more appropriately recorded and projected.**
  - Costs are budgeted and recorded in multiple unrelated cost centers.
  - Cost projections do not include costs associated with new and expanded trailheads.
  - Staffing assumptions were not developed using workload indicators.
2. **Administration of the McDowell Sonoran Conservancy contract can be improved.**
  - A contract administrator has not been assigned for the agreement between the City and MSC.
  - Preserve staff has not been requesting or receiving the contract-required annual detailed report.
3. **Preserve-related donations should be recorded and an appeal process established.**
  - Two donated parcels valued at approximately \$335,000 are not recorded in the City's capital asset records.
  - A method has not been established for permit-seekers or the public to appeal Preserve Director decisions.

### WHAT WE RECOMMEND

We recommend the Community Services Division Director:

1. Ensure all direct staffing costs are budgeted and recorded in the Preserve Management cost center and staff includes new and expanded trailhead costs in projections and develops workload statistics.
2. Assign a contract administrator to maintain documentation and ensure the annual report is received.
3. Ensure Preserve staff provides the City Treasurer's Office details of donated parcels so they can be recorded in the City's capital asset records, and propose an amendment to the Preserve Ordinance to establish an appeals process.

### MANAGEMENT RESPONSE

The Division generally agreed with the audit recommendations and currently expects to have its action plan implemented by Fall 2016.