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**AUDIT  
OF THE  
CONTRIBUTION TO THE  
ROOSEVELT CAMPOBELLO INTERNATIONAL PARK**

**May 2001**

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# *Executive Summary*

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The Internal Audit Division (SIV) undertook, in the fall of 2000, an audit of Contribution to the Roosevelt Campobello International Park (Park) as part of its review of Departmental Grants and Contributions. DFAIT pays approximately \$1 million per year (\$670,000 US) to the Park on an annual basis, pursuant to an international agreement with the United States Government to establish a memorial park dedicated to Franklin Delano Roosevelt. The agreement establishes a commission composed equally of American and Canadian citizens to provide direction to the Park and obligates the two nations to share equally the costs of development and operation.

Through the course of the audit, the following were noted:

- A Park Management Plan was prepared in 1993 compliant with the planning requirements of both countries and approved and accepted by the two Governments. As a strategic document, it provides a comprehensive basis for decision-making and determining future objectives and activities to be pursued by the Park, given its mandate. While it has been used to this end, many initiatives included in the Plan have not been undertaken.
- For ongoing operations and general maintenance, planning practices appear to be appropriate. Most supervisory personnel are experienced in their positions and have had a long association with the Park of more than 20 years.
- Our analysis of the Park's financial requirements indicates that a significant unfunded requirement exists and is estimated to be about \$1.7 million U.S. This is composed of requirements for capital additions and improvements, interpretation projects, research, equipment replacement and ongoing operations. The current funding shortfall, given current funding practices, would continue to grow by as much as \$200,000 U.S. per year. While the Park continues to be able to operate, we are concerned that services or access to facilities could be disrupted and preservation of assets could be at risk.
- Suggestions have been made regarding the annual report to better support accountability for the use of funds in comparison with the Park's performance objectives, financial requirements and progress made in the implementation of the Park's Management Plan.
- Suggestions have also been made regarding organizational learning, succession planning and documentation of the Park's corporate memory, as it relates to key operational planning and procedural material.

# *Scope and Objectives*

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The Internal Audit Division (SIV) has undertaken an audit of the Contribution to the Roosevelt Campobello International Park (Park), as part of its review of Departmental Grants and Contributions. The scope of the audit focussed on the department's management of this contribution arrangement.

As we were aware that the Park is subject to an annual financial audit, our audit built on the financial audit framework and assessed management practices from a value-for-money and public interest perspective (as defined by the Park's mandate and the intent for which this historical site was created). Accordingly, the scope of our audit included long-term and operational planning, budget preparation and approval process, and information used to support decision-making, operational reporting and accountability arrangements.

To undertake this audit, we interviewed division personnel within the United States General Relations Division (URR), conducted onsite interviews with the Park's management team, toured the Park and the Roosevelt Cottage and reviewed background information and financial information, as prepared by Park management, including the financial statements for the last four years.

## *Overview of Roosevelt Campobello International Park*

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Roosevelt Campobello International Park was established by international treaty between the United States and Canada in 1964, as a memorial to President Franklin Delano Roosevelt (FDR). The summer home of FDR had been donated to be opened as a memorial to FDR. The gift was accepted by both the Canadian and US Governments

“Recognizing the many intimate associations of President Roosevelt with the summer home on Campobello Island; and Desiring to take advantage of this unique opportunity to symbolize the close and neighborly relations between the

peoples of Canada and The United States of America by the utilization of the gift to establish a Canadian-United States memorial park.”<sup>1</sup>

The Park is situated on Campobello Island, which is in the Bay of Fundy. It is readily accessible from the mainland by an international bridge which connects it to the village of Lubec on the northeast coast of Maine. FDR’s association with the summer home spans 56 years. On average, during the period 1996 to 1999, approximately 115,000 people visit the Park between May and October. This is down from the period of 1979 to 1988, when Park attendance averaged 136,000. The vast majority of Park visitors, over 85%, reside in the U.S.

A commission was established to accept title of the former Roosevelt estate, to take the necessary measures to restore the home as closely as possible to its condition when it was occupied by President Roosevelt and to administer the Park as a memorial.

The Commission is composed of six members, of whom three are appointed by the Government of Canada and three by the Government of the United States. The Commission’s chairman holds office for two years and alternates between the two countries. Costs in the development and operation of the Park are shared equally by both countries. The Commission is required to submit annually to the Canadian and United States Governments a budget covering total anticipated expenditures and conduct its operations in accordance with the budget as approved by the two governments.

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<sup>1</sup> Preamble to the *Agreement between the Government of the United States of America and the Government of Canada relating to the Establishment of the Roosevelt Campobello International Park.*

# *Detailed Observations*

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Our observations are organized under the following themes:

- Long-term and Operational Planning
- Current Funding Arrangements
- Accountability for the Use of Funds
- Organizational Learning and Succession Planning

## **Long-term and Operational Planning**

“Recognizing the need of a long range management plan to provide continuity to the development and operation of the park, and recognizing also the requirements of the funding agencies of the Federal governments of Canada and the United States, which enable the RCIP Commission to acquire the necessary funding to maintain and upgrade its programs, facilities, and services for its visitors; the Commission made the decision to adopt a long-range management plan.”

The Park Management Plan (PMP) was completed and accepted by the two governments in October, 1993. Its purpose was explicitly defined as “to define the basic management philosophy that will guide park management decisions and provide strategies for resolving issues and achieving stated management goals. ... The plan will guide management over the next 10 to 15 years. ... The planning process followed was based on both the NPS [National Park Service] and CPS [Canadian Parks Service] planning systems. The process entailed issue identification, baseline data collection, and public consultation.”<sup>2</sup>

The PMP is a professionally prepared plan, compliant with the planning requirements of both countries and approved and accepted by the two Governments. In discussion with the Park Superintendent, Park operations and projects are undertaken in keeping with the direction provided by the PMP. This is consistent with our observations of Park facilities, operations and services.

The PMP builds on the Park’s mission statement, as adopted by the RCIP Commission in August, 1978, and spells out in detail the Park’s goals to achieve the Park’s stated mandate and mission. As a strategic document, it provides a comprehensive basis for decision-making.

For ongoing operations and general maintenance, planning practices appear to be appropriate. Most supervisory personnel are experienced in their positions and have

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<sup>2</sup> *Roosevelt Campobello International Park Management Plan, 1993*, page 2 & 3.

had a long association with the Park of more than 20 years. Park activities tend to follow a recurring pattern and the seasons. The naturalist maintains detailed notes on the gardens and in season, inspects the natural areas to identify work required on the trails. Public works, as it relates to buildings and roadways, is determined by routine inspections. Priority of work is determined by safety considerations, Park's image and appearance, structural requirements and opportunity to combine projects to achieve economies. Schedules are prepared for guides and security.

### **Current Funding Arrangements**

“The agreement between Canada and the United States establishing the park states that the governments of the two countries share equally in the costs of developing, operating, and maintaining the park. In the United States, the park budget approval lies with the Office of Management and Budget and the US Congress. Canadian approval of the budget lies with [the department]. An annual budget request is developed by the park, and is submitted to [the] United States General Relations Programs Division [URR] and to the US Department of the Interior, where it appears as a line item under “Statutory and Contractual Aid” in the National Park Service budget.”<sup>3</sup> Approval of the budget establishes the department's financial obligations to the Park for both governments. Because the US budget cycle precedes the Canadian cycle, the budget tends to be assessed first by the NPS.

Over the previous four fiscal years, budget requests from the Park have been about the same. Within this context, review and approval of budget requests by URR were straightforward, as budget requests were in keeping with the funding available to the division.

The Park Superintendent has expressed concern regarding the funding available to the Park. Several major repairs, projects stemming from the PMP and replacement the Park's aging fleet of vehicles were itemized.

A detailed financial analysis of the funding provisions, operations and capital requirements indicated that a significant shortfall in funding exists. We found the following:

- Funding provided by the two Governments essentially goes towards support of ongoing operations and general maintenance.
- The recently approved budget for 2001 and 2002 only provides for salary increases for staff and an adjustment to restore the operating budget for erosion in purchasing power due to inflation.

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<sup>3</sup> *ibid*, page 1.



- Despite being approved in 1993, the financial implications and provisions needed to implement the PMP are not incorporated in the Park's budget.
- No budget provision exists to address major repairs and replacement of buildings, equipment and Park infrastructure.

Our analysis of the Park's financial requirements in comparison with its current funding, indicates that a significant unfunded requirement exists. The total funding shortfall is estimated to be \$2.2 million U.S. After taking the current net assets into consideration, the net shortfall is approximately \$1.7 million U.S. This is composed of requirements for capital additions and improvements, interpretation projects, research, equipment replacement and ongoing operations. Assuming the approval of the budget increase for 2001, we have estimated that the current funding shortfall would continue to grow by as much as \$200,000 U.S. per year. An additional \$110,000 U.S. would be required with the full implementation of the PMP. See *Appendix A* for additional details.

Our estimate includes only a nominal provision for major repairs of buildings and infrastructure. While the buildings of the Park appear to be in good repair, it was not possible to estimate the funding requirements to undertake major projects in future years, as it may relate to roofing, siding, windows or heating plant based on information available at the time of our audit. As for the Park's fleet of vehicles, sufficient information is available. The listing of vehicles shows that twelve of the 21 items, which make up the Park's required equipment fleet, are long over due for replacement in comparison with their suggested useful life. Three items, the back-hoe, roadgrader and water pumper (lawn maintenance and fire protection), are more than 25 years old and are estimated to cost \$300,000 U.S. to replace. See *Appendix B* for additional details.

In effect, funding available to the Park provides for operations alone. In the Canadian context, while this is compliant with government policy, as it relates to transfer payments, the current approach does not provide ready access to funds in the event of unforeseen requirements or to address the long-term funding requirements, as identified in *Appendix A*. Access to supplemental funding or reserves are needed to enable the Park to maintain and upgrade its programs, facilities, and services for its visitors, as envisaged by the PMP. As an international park, established by treaty, it is a stand-alone entity and consideration should be made to allow it to be funded on a self-sustaining basis.

## **Recommendations for the URR:**

- 1. Recommend to the Park's Commission that Park Administration prepare:**
  - (a) a comprehensive Park asset management plan, identifying the financial requirements to support major repairs and replacement of building components and Park's infrastructure; and,**
  - (b) an equipment replacement plan for the Park's operating fleet.**
- 2. Discuss with US counterparts, the Commission and Park Administration:**
  - (a) the merit of and need for program requirements, which are currently unfunded; and,**
  - (b) the need and ability to establish reserves to finance major repairs, capital additions and replacement of major equipment.**

## **URR Responses:**

- 1. (a) Agree. We note the importance of a comprehensive management plan to support repairs and maintenance at the Park. We would support efforts by Park Management to improve their existing mechanisms within their existing resources to achieve a comprehensive asset management plan. We note that the Audit underlined that Park Administration has appropriate planning practices for ongoing and general maintenance, a schedule of public works determined by routine inspections, a good idea of upcoming repairs and sufficient information for their fleet of vehicles. We note that Park Administration believes that they have a solid understanding of what is needed to support major repairs and ongoing repairs.**
  - (b) Agree.**
- 2. Agree. We will discuss with US counterparts, the Commission and Park Administration the merit of and need for ongoing program requirements and the merit of and need for reserves. We will communicate in the first instance the results of this Audit.**

## **Accountability for the Use of Funds**

To support departmental requirements for accountability for the use of funds by the Park, and pursuant to the legislation, an annual report on operations is prepared. The report is then tabled to Parliament, as testament to the Park's ability to satisfy its mandate. The report is composed of a narrative, describing the highlights of the events and activities over the year past. The audited financial statement, including detailed schedules on the use of funds, is also provided.

While the audited financial statement provides assurances regarding the use of funds consistent with the International Agreement, the audit is undertaken from the perspective that the Park is wholly-owned government entity, such that funding requirements of the Park are assured by virtue of the International Agreement.

The annual report does not provide information on the Park's funding requirements in comparison with funding available. The narrative similarly talks about the work done, but without context of what work needs to be done. While the PMP represents an authoritative statement on the work remaining for the Park to fully achieve its mandate objectives, the annual reports are silent on the progress made in the implementation of the PMP. While work has occurred, consistent with the PMP, significant work remains. In summary, no information has been provided on the financial constraints prevailing on the ability of the Park to sustain its operations in accordance with its mandate.

The Park is more than a park. It is a symbol of the spirit of goodwill and cooperation which exists between Canada and the United States, and, by virtue of its unique nature, a potential vehicle for the furtherance of departmental objectives. The Park's potential in this regard was recognized in the 1993 PMP and provided as justification for a number of suggestions made to the RCIP Commission, as part of that plan. Discussions with URR acknowledged that more needs to be done to explore these opportunities, such as linking to the Park's website to the department's, exploring closer relationships with Park's Canada and increasing the relevance of and improving access to the Park to Canadians. Also discussed was relevance of Eleanor Roosevelt's legacy to Canada's foreign policy, especially given her work in pursuit of human rights and international cooperation, particularly, as it relates to our youth. With this in mind, it is suggested that a dialogue occur between the Park and the department on complementary activities of each in the furtherance of departmental and government objectives.

### **Recommendations for the URR:**

- 3. Recommend to the Park that it prepares its annual reports in comparison with:**

**S the performance objectives of the Park;**

- S its financial requirements (as defined by the long-term and operational planning); and,
- S the PMP implementation plan.

4. Meet with Park officials to discuss and agree on opportunities and complementary program activities on an annual basis.

**URR Responses:**

3. **Disagree:** We believe the current format of the annual report is acceptable for public purposes. However, we agree to ask the Park Administration to provide us annually a written report on how the Park is meeting its performance objectives, financial requirements and the PMP implementation plan. This could be a supplementary document at the time of the annual budgetary request.
4. **Agree.** We agree that it would be useful to meet and discuss with Park officials on an annual basis opportunities for the use of the Park and the programming of complementary activities that could highlight the Park's role in promoting Canada-US relations.

### **Organizational Learning and Succession Planning**

During the course of our interviews with the Superintendent and with the Park's supervisory personnel, we noted the related issues of organizational learning and succession planning.

It was noted during our discussions that given limited financial flexibility and the remote setting of the Park, little formal training or development opportunities have been provided to staff by the Park. A number of examples were discussed demonstrating the benefit of a greater investment in this regard. Examples included the handling of artifacts, preservation techniques, and occupational health and safety related activities, such as the handling of fuel. By learning of the approaches, as practised by others, the Park should be able to identify new techniques, improve its practices, or confirm that current practices are appropriate, given the circumstances. Other venues for learning include actively benchmarking Park practices with comparable natural and historic sites in the US and Canada and engaging in networking activities, such as through the attendance of conferences. Such activities have the added benefit of increasing awareness of the Park and of the potential career opportunities available at the Park.

Succession planning is an area of potential concern. The Park possesses a very experienced core of supervisory personnel, many of whom have over 20 years

experience with the Park. In addition to identifying new approaches, training and development offer a means to groom staff to assume greater responsibility.

While the experience of the Park's supervisors represents a tremendous asset to an organization, we are concerned that the Park's corporate memory may be at risk as the approaches used to manage different aspects of Park operations may not be sufficiently well documented. For example, although copious notes have been made on the what is done, while serving the supervisor well, it may not be organized or documented in a manner that allows for the easy transfer of knowledge to another. Two examples come to mind. These are the work related to the natural areas, especially the gardens, and the body of information guides are expected to know in explaining the significance of the Park to its visitors.

#### **Recommendations for the URR:**

##### **5. Recommend to the Park that it:**

- (a) Prepares training plans for staff, considering the need for technical training as a means to identify ways to improve current practices and considering the need for training in support of succession planning; and,**
- (b) Reviews the adequacy of operational planning and procedural material from a corporate memory and succession planning perspective.**

#### **URR Responses:**

- 5. Agree. We would ask Park Administration to review their training plans and procedures to ensure adequate succession planning.**

## Appendix A - Roosevelt Campobello International Park Financial Analysis

The purpose of the following table is to identify unfunded capital and unfunded ongoing budget requirements, which are not apparent in the current budget information. These funding requirements are as identified by management and were not subject to audit to assess the merits from a program perspective or to confirm the amounts suggested.

The funding requirements of the Park were discussed at length with the Park Superintendent and reviewed in direct comparison with the 1993 Management Plan (PMP). The Park has been able to undertake several projects identified by the PMP. The Superintendent has updated the cost estimates for remaining work and identified additional requirements, which are consistent with the PMP, but have not been previously considered.

In summary, the unfunded capital requirement is estimated at \$2.15 million US and the unfunded ongoing budget requirements, needed by current operations and to establish reserves for the replacement of the fleet and major repairs to facilities, are estimated as an annual requirement of \$200,000 US. Another \$110,000 US would be required by operations annually with full-implementation of the PMP.

### Unfunded Capital Requirements

Item & Source	\$ in US Funds	
<b>Capital Additions &amp; Improvements</b> • Land Acquisition (a number of holdings within or adjacent to the Park) - PMP	\$570,000.00	
• Trail Link to HCPP - PMP	\$5,500.00	
• Fire Protection Hydrant - PMP	\$1,500.00	
• Improve/Complete Natural Area Road - new	\$38,000.00	
• Relocation of parking areas & roads exposed to erosion - new	\$75,000.00	
• Construct floating dock for passenger ferry - new	\$75,000.00	
• Accessible restrooms in Natural Area - new	\$40,000.00	
• Replace Windmill & Water Tower - new	\$70,000.00	
<i>Total Capital Additions &amp; Improvements</i>		\$875,000.00
<b>Interpretation Projects</b> • Complete Implementation of Historic Furnishings Plan - new	\$50,000.00	
• Collection Conservation - PMP	\$50,000.00	
• Park-wide brochure - PMP	\$15,000.00	
• Visitor Centre Rehabilitation - new	\$400,000.00	

• Wayside Exhibits - new	\$35,000.00	
<i>Interpretation Projects</i>		\$550,000.00
<b>Research</b>		
• Historical Structure/Landscape Report - PMP	\$75,000.00	
• Interpretative Plan - PMP	\$20,000.00	
• Mulholland Point Light Pres. Maintenance Plan - PMP	\$1,000.00	
• Biota Inventory/Monitoring - PMP	\$10,000.00	
• Marketing Study - Phase 1 & 2 - PMP	\$46,000.00	
<i>Research</i>		\$152,000.00
<b>Equipment Replacement - See Appendix B - Fleet Analysis</b>		\$579,000.00
<b>Total Unfunded Capital Requirements &amp; Investments</b>		<b>\$2,156,000.00</b>
Net Assets - as per the Park's Annual Financial Statement, as at March 31, 1999		\$451,000.00
<b>Net Deficit</b>		<b>\$1,705,000.00</b>

#### Unfunded Ongoing Requirements

<b>Current Operations &amp; Ongoing Requirements<sup>1</sup></b>		
• Funding for Seasonal Staff previously obtained through New Brunswick's Job Corps Program	\$64,000.00	
• Provision for Training, Networking, Benchmarking Operations	\$25,000.00	
• Provision for Replacement of Fleet - See Appendix B	\$63,000.00	
• Provision for Major Repairs & Renovations <sup>2</sup>	\$50,000.00	
<i>Current Operations &amp; Ongoing Requirements</i>		\$202,000.00
<b>Expanded Operations with Full Implementation of PMP</b>		\$110,000.00
<b>Total Unfunded Ongoing Operational Requirements</b>		<b>\$312,000.00</b>

<sup>1</sup> It has been assumed that the proposed 2001 Budget request for an increase of \$120,000 has been approved, as required to pay for salary increases and to address erosion of operating budget due to inflation.

<sup>2</sup> This is a nominal provision. While the buildings appeared to be in good repair, all structures should be assessed and asset management plans should be developed. This would provide a basis to establish a reserve, which could be used to fund major repairs, renovations and upgrades to these facilities. Similar consideration should be made for the remaining infrastructure, including, roadways, parking areas, pathways, boardwalks, miscellaneous structures, viewing areas, etc. and any new additions.

**Appendix B - Roosevelt Campobello International Park Fleet Analysis<sup>1</sup> as at September, 2000**

#	Vehicle	Use	Model Year	Age	Replacement Cost	Suggested Useful Life		Age > Useful Life (✓)	Annual Funding Provision <sup>2</sup>
						years	km (present km)		
1	Jeep	Domestic	1986	15	\$25,000.00	10	150,000 (108,078)	✓	\$2,500.00
2	GMC Pick-up	Plow/dump, transport, clean-up	1998	3	\$28,000.00	10	150,000 (11,206)		\$2,800.00
3	GMC Pick-up	Plow/sander, transport, bog interpretation	1998	3	\$28,000.00	10	150,000 (10,036)		\$2,800.00
4	Chev Pick-up	Dump/natural area, haul & tow	1986	15	\$28,000.00	10	150,000 (102,678)	✓	\$2,800.00
5	Ford Crew Cab	Transportation, projects	1983	18	\$25,000.00	10	150,000 (94,948)	✓	\$2,500.00
6	Ford Pick-up	Security	1993	8	\$28,000.00	10	150,000 (108,782)		\$2,800.00
7	Ford Pick-up	Foreman	1995	6	\$28,000.00	10	150,000 (40,877)		\$2,800.00
8	Dodge Pick-up	Ranger/natural area	1985	16	\$28,000.00	10	150,000 (24,670)	✓	\$2,800.00
9	Ford Ranger	Gardeners	1999	2	\$19,000.00	10	150,000 (4,778)		\$1,900.00
10	Ford Ranger	Office	1999	2	\$19,000.00	10	150,000 (3,613)		\$1,900.00
11	Chev Tool Van	Plumber	1986	15	\$32,000.00	10	150,000 (80,952)	✓	\$3,200.00
12	Ford Van	Tours	1980	21	\$30,000.00	10	150,000 (113,820)	✓	\$3,000.00
13	Chev Cube Van	Painters	1986	15	\$40,000.00	10	150,000 (81,920)	✓	\$4,000.00

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<sup>1</sup> The following analysis is based on a schedule prepared by the Park Superintendent. The information contained in this document was not subject to audit to verify the values contained in the Park Report or to assess the requirement for the items listed.

<sup>2</sup> Annual funding provision is estimated based on dividing the expected replacement cost by the suggested useful life.



#	Vehicle	Use	Model Year	Age	Replacement Cost	Suggested Useful Life		Age > Useful Life (✓)	Annual Funding Provision <sup>2</sup>
						years	km (present km)		
14	Chev Flatbed Truck	Large loads	1984	17	\$32,000.00	10	150,000 (33,600)	✓	\$3,200.00
15	Nissan Pathfinder	Administration, travel, winter	1999	2	\$23,000.00	8	130,000 (7,986)		\$2,875.00
16	Kawasaki Mule	Transportation equipment, VC	1999	2	\$6,000.00	10	60,000		\$600.00
17	John Deer Gator	Transportation equipment, Roosevelt	1999	2	\$5,800.00	10	60,000		\$580.00
18	Galion Grader	Roadgrader	1974	27	\$130,000.00	20	-	✓	\$6,500.00
19	Ford Pumper	Fire protection, water lawns	1967	34	\$100,000.00	15	150,000 (10,118)	✓	\$6,666.67
20	Ford Tractor Mower	Field & roadside mowing	1985	16	\$35,000.00	10	-	✓	\$3,500.00
21	International Back-hoe	Digging	1966	35	\$74,000.00	20	-	✓	\$3,700.00
	<b>Total</b>				<b>\$763,800.00</b>				<b>\$63,421.67</b>
	<b>Total Replacement Cost of Vehicles Older than Their Suggested Useful Life</b>				<b>\$579,000.00</b>			✓	