



SUMMARY

A Review of the S.C. National Heritage Corridor: A Program of the Dept. of Parks, Recreation and Tourism



INTRODUCTION

At the request of members of the General Assembly, we conducted a limited review of operations of the South Carolina National Heritage Program, which is managed by the S.C. Department of Parks, Recreation and Tourism. The program is one of 49 throughout the country. South Carolina's program received a \$10 million federal appropriation in 1997 that expires in 2012. Expenditures are limited to \$1 million per year, and federal funds must be matched with state or other funds.

Our review concentrates on management changes and activities from 2006 through November 2010. In addition, we examined issues concerning the State Heritage Corridor Board (a nonprofit organization established to assist PRT in managing the program), PRT, and the four regions that make up the 17-county corridor. We also reviewed issues involving the awarding of grants to communities and how the agency measures program effectiveness.

The South Carolina National Heritage Corridor is a federally-funded program administered by the S.C. Department of Parks, Recreation and Tourism (PRT). Its primary mission is to promote heritage tourism and economic revitalization in a 17-county region of South Carolina. Management of this program has undergone a number of changes since it began operations in 1996, and this report focuses on management and oversight issues since 2006. The management structure is somewhat unusual in state government because PRT has managed certain aspects of the program in conjunction with a nonprofit entity, the S.C. National Heritage Corridor. Nationally, there are 49 Heritage Corridor areas and most are managed directly by a nonprofit entity or a federal commission without state involvement.

Until around 2006, the nonprofit board primarily managed the program with little PRT oversight. Currently, PRT has delegated certain operational functions to the Corridor, such as reviewing applications for community grants and determining which grants to fund. The State Board consists of 15 members; most are from regions in the Corridor and several represent state agencies. The Corridor is divided into four regions, and the regions have established nonprofit boards to advise the State Board of Corridor issues. The following summarizes the major areas we reviewed.

CORRIDOR MANAGEMENT AND GOVERNANCE

- In 2006, the PRT internal audit staff examined the private, nonprofit State Board's expenditure of state and federal funds for the Corridor. At that time, the State Board managed the program. The internal audit found material violations of federal guidelines related to expenditures. The State Board's staff had expended funds for purchases of alcoholic beverages, undocumented expenses, Christmas meals, catering services and other expenses.
- The PRT Director promptly instituted a number of reforms in response to the audit, such as clarifying that Corridor staff are PRT employees, removing check-writing authority from the State Board, and providing administrative support for the Corridor's programs. Additional changes were made to the State Board's practices including requiring formal minutes, hiring legal counsel and developing written policies. However, PRT did not request repayment for questionable expenditures or discipline staff responsible for these issues. PRT provided the internal audit to the board's chair and vice chair, but the chair did not provide the report to all board members.
- Since the internal audit, PRT has amended the Memoranda of Understanding with the State Board to clarify the responsibilities of the two entities, and has instituted increased accountability for financial and personnel management. In addition, a private consultant reviewed the Corridor programs and administration and issued recommendations. Finally, in 2008, the Governor issued an executive order clarifying that PRT had complete authority to manage the Corridor. The State Board would only serve in an advisory capacity.

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FOR MORE INFORMATION

Our full report, including comments from relevant agencies, is published on the Internet. Copies can also be obtained by contacting our office.

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- Beginning around 2008, the State Board and a Corridor Region Board disagreed about the expiration date of a Region Board member's term. When the Region Board Chairperson recommended the member for another term, the State Board selected another candidate to run against him. At that time, the State Board's by-laws did not allow the State Board to select nominees. Then, in September 2010, the State Board amended its by-laws to allow it to nominate candidates. In November 2010, the State Board's candidate defeated the nominee selected by the Region III Board Chair.
- The State Board's by-law change has weakened the influence of Region Boards. These boards no longer have the sole authority to select members to represent them on the State Board, and it has created a situation in which State Board members who represent a region may be in conflict with the leaders in their Regions.

CORRIDOR PROGRAMS

- One of the primary missions of the Corridor is to promote heritage tourism for economic revitalization. While Corridor staff keep statistical information concerning activities, such as the number of visitors to Corridor sites, the amount of grants awarded to communities, and other important statistical information, the effectiveness of the Corridor concerning increased tourism to stimulate economic revitalization has not been measured.
- One Corridor region denied two grant applications for projects in its own region, and the State Heritage Board upheld the denial. However, at the next meeting, the State Board approved the grants because a member stated that "inadequate information had been presented the last meeting." Board minutes do not specify what the inaccurate information consisted of, and a document that the minutes referred to concerning the revote was not available for our examination. One grant for \$20,000 that was approved did not meet the criteria for approval.
- Due to budget constraints, PRT determined that it would no longer provide funding to operate its two discovery centers. Two regions were given limited time to find an alternative funding source. However, as of December 2010, PRT staff stated that both centers would be closed. The Historical Society took over the Region II Center and the exhibits in Region III will be donated to the North Augusta Arts and Cultural Center.

MAJOR RECOMMENDATIONS

In an effort to improve operating efficiencies and the relationship between the Department of Parks, Recreation and Tourism, the S.C. National Heritage Corridor, and Region Boards, PRT, in conjunction with the Office of the Governor, should consider alternatives to the current structure. These alternative include delegating complete management authority to the Heritage Corridor State Board or PRT, keeping the current structure but requiring the State Board to provide all funds to match federal funds, or placing program operations under the State Board and PRT would provide technical assistance.

PRT should request reimbursement from the Heritage Corridor State Board for questionable costs identified in a PRT internal audit.

PRT and the State Board should develop and implement outcome measures that gauge the effectiveness of the Corridor Program, and the effectiveness of the program by region.