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July 16, 2014

The Honorable John Allen, Chair
Joint Legislative Audit Committee

The Honorable Chester Crandell, Vice Chair
Joint Legislative Audit Committee

Dear Representative Allen and Senator Crandell:

Our Office has recently completed a 30-month followup of the Arizona Game and Fish Commission Heritage Fund regarding the implementation status of the 11 audit recommendations presented in the performance audit report released in December 2011 (Auditor General Report No. 11-14). As the attached grid indicates:

- 7 have been implemented;
- 3 have been partially implemented; and
- 1 is in the process of being implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Commission's efforts to implement the recommendations from the December 2011 performance audit report.

Sincerely,

Dale Chapman, Director
Performance Audit Division

DC:ss
Attachment

cc: Robert E. Mansell, Chair
Arizona Game and Fish Commission

Larry D. Voyles, Director
Arizona Game and Fish Department

Arizona Game and Fish Commission Heritage Fund Auditor General Report No. 11-14 30-Month Follow-Up Report

Recommendation	Status/Additional Explanation
Finding 1: Department should strengthen policies and procedures to ensure appropriate use of all Heritage Fund monies	
1.1 The Department should develop and implement policies and procedures for allocating administrative and shared costs to the Heritage Fund and among the Heritage Fund program areas.	Implemented at 30 months
1.2 The Department should review and consider revising its method for determining the amounts used from the five Heritage Fund program areas for paying administrative costs to better reflect the benefit that each program area receives. It should also document this method in its policies and procedures.	Implemented at 30 months
1.3 The Department should develop and implement procedures for monitoring all contracts paid with Heritage Fund monies and appropriately documenting its monitoring activities to ensure that Heritage Fund monies are used in accordance with contract terms.	Partially implemented The Department has developed monitoring requirements for all Heritage Fund agreements. The Department has also developed a checklist for department staff and grant recipients to use when monitoring Heritage Fund grants. However, the Department could not provide evidence that it has implemented these monitoring requirements.
1.4 The Department should appropriately record and/or report to the Arizona General Accounting Office financial transactions pertaining to escrow accounts for land acquisitions.	Implemented at 30 months
1.5 The Department should develop and implement written policies and procedures for spending and monitoring land acquisition monies held in escrow.	Implemented at 30 months
Finding 2: Department should improve management of Heritage Fund properties	
2.1 The Department should complete the management plans for the Buck Springs and Cibola Valley Conservation and Wildlife Area properties, and continue its efforts to complete the management plan for the Horseshoe Ranch property.	Implemented at 30 months

Recommendation

Status/Additional Explanation

<p>2.2 The Department should establish a time frame for finalizing management plans for future properties and develop policies and procedures for ensuring this time frame is met. The policies and procedures should include guidance on whether staff should develop a new management plan or update an existing plan when the Commission purchases additional properties that are adjacent to or near an existing Heritage Fund property.</p>	<p>Partially implemented</p> <p>The Department has established a 6-month time frame for completing management plans for all new properties and provides guidance on whether staff should develop a new management plan or update an existing plan when the Commission purchases additional properties that are adjacent to or near an existing Heritage Fund property. The Department has had limited opportunities to demonstrate implementation of the recommendation for Heritage Fund properties because it has purchased only one property with Heritage Fund monies since the audit was completed. Although the Department was still in the process of developing the management plan 18 months after purchasing this property, the Department met the time frame for another property that was not purchased with Heritage Fund monies.</p>
<p>2.3 The Department should develop and implement policies and procedures for monitoring the implementation and effectiveness of its management plans. For example, the department policies and procedures might require including criteria in its management plans for monitoring the properties.</p>	<p>Implementation in process</p> <p>The Department has established an internal requirement to monitor its management plans' implementation and effectiveness, and the revised management plans include objectives and actions that provide criteria for monitoring their implementation and effectiveness. According to the Department, the Lands Council is responsible for overseeing any funded operational and maintenance projects on Heritage Fund properties, while other department programs oversee additional activities or projects, such as wildlife conservation. Although management plans do not reflect these activities and the responsibility for these activities, the Department is in the process of modifying management plans to include a more complete list of the property objectives and monitoring activities its various department programs undertake.</p>
<p>2.4 The Department should implement its plans for updating its existing management plans by April 13, 2012.</p>	<p>Implemented at 30 months</p>
<p>2.5 The Department should establish policies and procedures for ensuring that management plans are periodically reevaluated and revised as needed in accordance with its land acquisition guidelines.</p>	<p>Implemented at 30 months</p>
<p>2.6 The Department should develop and implement policies and/or procedures to establish oversight of properties managed by other organizations to ensure the goals and objectives for the properties are accomplished.</p>	<p>Partially implemented</p> <p>The Department's land acquisition process states that it should be involved in developing management plans for properties that other organizations manage. Although this process does not specifically address these properties' ongoing oversight, the Department demonstrated that, in practice, it has provided oversight and discussed some of these properties' management in its Lands Council meetings.</p>