



THE STATE OF ARIZONA  
**GAME AND FISH DEPARTMENT**

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December 16, 2011

Ms. Debra K. Davenport  
Auditor General  
2910 N. 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

Dear Ms. Davenport:

We have reviewed the revised preliminary report draft of the performance audit of the Arizona Game and Fish Commission – Heritage Fund.

In reference to your letter of December 12, 2011, we have attached our written response regarding the audit findings and recommendations as outlined in the report draft.

Our response includes the required statements regarding each audit recommendation in the report as well as comments for each recommendation where applicable.

Our Department appreciates the time and effort involved in helping to develop positive recommendations to assist us to collectively improve the management of the Arizona Game and Fish Commission – Heritage Fund.

Sincerely,

Larry D. Voyles  
Director

**Department Response to the  
Audit Report by the Auditor General’s Office  
of the Arizona Game and Fish Commission – Heritage Fund**

**Agency Response To Findings and Recommendations**

**FINDING 1:** *“The Department should strengthen policies and procedures to ensure appropriate use of all Heritage Fund monies.”*

**Recommendation 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.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

**Recommendation 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.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

**Recommendation 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.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. All future Heritage Fund contract agreements will include stipulation guidelines that spell out both timeline and content requirements for the documentation and monitoring activities associated with implementation, administration and management of each contract.

**Recommendation 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.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. The Department handled the movement of the funds to escrow as the only means possible for us to do so. The Department contacted the General Accounting Office to clarify how to ensure the general ledger reflected that funds were “on-deposit” versus reflecting that a capital expenditure had been made when funds were moved into escrow. We learned from the GAO that there is no current method for doing so. The General Accounting Office is now creating a method for the Department to accomplish this. The Department will update written policies and procedures to reflect any new guidelines established and implemented by the General Accounting Office relative to this recommendation.

**Recommendation 1.5:** *“The Department should develop and implement written policies and procedures for spending and monitoring land acquisition monies held in escrow.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. Procedures for disbursements including identification of the authorized personnel as well as requesting monthly statements for reconciliation will be requested upon opening of an escrow account. The current Department Acquisition Guidelines will be updated to reflect this new procedure.

**FINDING 2:** *“The Department should improve management of Heritage Fund Properties.”*

**Recommendation 2.1:** *“The Department should complete management plans for the Buck Springs, Cibola Valley Conservation and Wildlife Area and Horseshoe Ranch properties.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. With regard to Buck Springs and Cibola Valley Conservation and Wildlife Area, we concur with the finding. The Lands Council has initiated management plan revisions and Regions will be rewriting management plans for all properties. Management plans will be completed for Buck Springs and Cibola Valley Conservation and Wildlife Area. With regard to Horseshoe Ranch Management Plan, which is in a Commission directed community based management planning pilot process; this may have a more protracted timeline. What we learn from this pilot process could provide feedback to modify our processes as they apply to future management plans and management plan revisions.

**Recommendation 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. These 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.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. Lands Council has already started the process of updating existing management plans. At the next Lands Council meeting, a scheduled agenda item will be to discuss the current management plan revision process. The Council will discuss management plan timeframes and any procedural changes needed to ensure new acquisitions are either incorporated into existing management plans or new management plans are developed and implemented. The Department’s Acquisition Guidelines will be updated to reflect this new procedure.

**Recommendation 2.3:** *“The Department should develop and implement policies and procedures for monitoring the implementation and effectiveness of its management plans.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. Management Plan evaluation criterion is specific to each property and the beneficiary species/habitat. The Department proposes that the evaluation criteria to monitor implementation and effectiveness of each management plan be written into the operational portion of the management plan. The criteria could then be tailored to each specific property and species/habitat.

**Recommendation 2.4:** *“The Department should implement its plans for updating its existing management plans by April 13, 2012.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. By April 2012, the Department will develop and implement an overall plan and timeline that specifies a target date when each existing management plan will be updated. Lands Council has already recommended management plan revisions and this is currently being implemented on a Regional level.

**Recommendation 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.”* The finding of the Auditor General is agreed to and the audit recommendation will be implemented. The operation plan and accompanying 2-year matrix within each management plan would address all the activities on the property. The operational plan would be revised following the process already recommended by the Lands Council. The Department’s Acquisition Guidelines will be updated to reflect this procedure.

**Recommendation 2.6:** *“the Department should develop and implement policies and procedures to establish oversight of properties managed by other organizations to ensure the goals and objectives for the properties are accomplished.”* The finding of the Auditor General is agreed to and a different method of dealing with the finding will be implemented. Arizona State Parks and other organizations that we work with to manage some of the Department’s properties have planning processes of their own; with their own review and revision interval. We work directly with those land managers as they develop management plans and revise them. We believe that it would be inappropriate for the Department to, by modification of our agreements, force those managers to modify their planning processes. The Department will develop a procedure to ensure direct involvement by Department Personnel in any updates of any management plans for properties managed by other entities as they are revised to ensure that the Commission’s objectives for the property are reflected, accomplished, and monitored.