

## STATE OF COLORADO

Department of Natural Resources  
 1313 Sherman Street, Room 718  
 Denver, CO 80203  
 Phone: (303) 866-3311  
 TDD: (303) 866-3543  
 Fax: (303) 866-2115  
[dnr.state.co.us](http://dnr.state.co.us)



June 18, 2010

The Honorable David Schultheis  
 Chair, Legislative Audit Committee  
 200 E. Colfax Avenue  
 Denver, CO 80203

Bill Ritter, Jr.  
 Governor

Mike King  
 Executive Director

Dear Senator Schultheis:

The Department of Natural Resources is providing this status report to you regarding the Department's progress towards implementing the recommendations of the July 2009 Land Acquisition and Management, Division of Wildlife Performance Audit. The Legislative Audit Committee is scheduled to review this status report in July 2010. The attached status report includes:

- o The implementation status of each recommendation.
- o A brief explanation of the actions taken for each recommendation.
- o The impact of other factors on the implementation of the recommendations, and updated implementation dates, if applicable.

Please contact Tom Remington, Director of the Division of Wildlife, at (303) 291-7200 if you have any questions or need additional information.

Sincerely,

Mike King  
 Executive Director

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cc: Senator Lois Tochtrop, Vice Chair  
 Senator Morgan Carroll  
 Senator Shawn Mitchell  
 Representative James Kerr  
 Representative Joe Miklosi  
 Representative Frank McNulty  
 Representative Dianne Primavera  
 Tim Glenn, Chairperson, Colorado Wildlife Commission  
 Tom Remington, Director, Colorado Division of Wildlife  
 Susan Hunt, CFO, Colorado Division of Wildlife  
 Derek Johnson, Legislative Auditor

Department of Natural Resources June 2010 Implementation Status Report on the July 2009 Division of Wildlife Land Acquisition and Management Performance Audit

RECOMMENDATION LOCATOR								
Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date	Division Response	Implementation Status	Division Comments
1	24	Develop an acquisition strategy to meet the multiple objectives of the Colorado Wildlife Habitat Protection Program, including: (a) using existing or updated planning documents to articulate and prioritize short- and long-term land acquisition goals, and	Division of Wildlife	a. Agree	a. May 2010	a. The Division agrees to incorporate short-and long-term land acquisition goals and priorities that are compatible with the Colorado Wildlife Action Plan, the Division's Real Estate Plan, and any other planning documents when developing its next Request for Proposals (RFP) for the Colorado Wildlife Habitat Protection Program. The RFP announcement will be more explicit in articulating the planning objectives and priorities of these documents that will be applied during the evaluation and selection process. Changes will be made with the announcement of the next RFP for the Colorado Wildlife Habitat Protection Program, which is anticipated to be released in May 2010.	Implemented	The 2010 Colorado Wildlife Habitat Protection Plan Program RFP released in May 2010 articulated the Division's prioritized land acquisition goals. The Division will continue to work with the Wildlife Commission to refine and improve the linkage between the RFP process and the Division's and Commission's strategic priorities on an ongoing basis.
		(b) establishing performance measures and performance data to track and report on progress toward meeting short- and long-term land acquisition goals.	Division of Wildlife	b. Agree	b. July 2011 New Date Requested: July 2013	b. The Division agrees to develop and use performance measures to guide its acquisition strategy. Performance measures will not be based solely on a total of acreage of land to protect, but, rather on species' needs and other factors that affect the vitality of habitats that species depend upon. We are building a decision support tool to assess and predict threats to habitat and thereby assist in setting objectives for habitat protection.	In Progress	Funding to develop the decision support tool necessary to implement this recommendation is being requested through a Western Governors Association pilot project. The grant proposal has been approved and the Division expects to sign the grant agreement prior to the end of June 2010. The Division anticipates that development and implementation of the decision support tool will be complete in July 2013.
2	27	(a) Identify all relevant criteria, including nonbiological attributes, used to evaluate and select projects; (b) restructure the scoring process to consistently and equitably apply selection criteria to all proposals; (c) include all relevant selection criteria and their associated weights in the Request for Proposals; and (d) clearly define the role of the Habitat Stamp Committee in the proposal evaluation and selection process.	Division of Wildlife	Agree	May 2010	2. The Division agrees that the relevant criteria used to evaluate projects should be listed at the time of the RFP announcement, to include nonbiological as well as biological factors. With broad-based input from Division staff, the scoring matrices for biological and some nonbiological factors have been extensively reviewed and improved in 2009. Points assigned to scoring criteria have been based on each factor's relative importance. The Division agrees that the scoring process should be consistent and equitable. The scoring criteria for biological factors pertinent to RFP projects has been reviewed extensively and updated. All biological attributes are now assigned point values. Other nonbiological attributes, which will be considered when ranking properties, will be identified and assigned a point value at the appropriate level within the agency and/or by the Habitat Stamp Committee. The Division agrees to clarify the role of the Habitat Stamp Committee. To that end, there will be additional communication with the Committee about which of their recommendations were accepted, which recommendations were not accepted, projects that were accepted but were not on their recommendation list, and why each of these decisions was made. Changes will be made with the announcement of the next RFP for the Colorado Wildlife Habitat Protection Program, which is anticipated to be released in May 2010.	Implemented	The 2010 Colorado Wildlife Habitat Protection Plan Program RFP released in May 2010 incorporated the recommended changes by including both biological and non-biological factors.

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3	30	Improve methods for compiling and calculating proposals' final numeric scores by: (a) averaging habitat scores for each property, (b) employing statistical techniques to normalize scores within and across habitat types to adjust for variances, (c) providing better definitions of the scoring criteria and standards and training staff on their application, and (d) automating all calculations in scoring spreadsheets to the extent possible and ensuring sufficient supervisory review of scoring spreadsheets.	Division of Wildlife	Agree	August 2009	3. The Division began implementing these recommendations in the 2009 RFP process of compiling and calculating proposals' final scores. Staff is receiving assistance with the methods of calculating averages, and in employing statistical techniques to normalize scores within and across habitat types to adjust for variation. To the extent possible, calculations in the scoring spreadsheets will be automated and reviewed. The scoring criteria have clarified definitions and standards for scoring; the process of developing the revised criteria began last year. Guidelines for scoring have been provided by email to the supervisors of those involved in scoring. The Division's coordinator for the RFP process has communicated with supervisors to discuss the scoring standards and process, and has emphasized the importance of supervisors overseeing the scoring process. During upcoming Regional and Area meetings, time will be spent discussing all scores and how they were derived.	Implemented	The methods for compiling and calculating final numeric scores for the proposals received in response to the 2009 Colorado Wildlife Habitat Protection Plan Program RFP incorporated the recommended changes.
4	33	Review and update written standards of conduct to include specific procedures addressing conflicts of interest, including: (a) requiring written disclosure of any financial, professional, or personal interests that may create a real or perceived conflict of interest; and (b) developing a process for reviewing and discussing disclosures at a public meeting and for maintaining the written disclosure statements.	Wildlife Commission	Agree	January 2010	4. The Wildlife Commission concurs with the recommendation and will review and update its written standards of conduct to: (a) require members to complete and annually update written disclosures regarding real or perceived conflicts of interest; and (b) develop a process to publicly review and discuss such disclosures and to maintain and make such disclosures available for public review.	Implemented	The Wildlife Commission has adopted a Standards of Conduct policy and each commissioner has executed a written disclosure identifying real or perceived conflicts of interest.
5	35	Establish adequate internal controls over land acquisitions to ensure that all donated land interests are properly valued and recorded in the State's financial system. These controls should include maintenance of sufficient documentation to support the appropriate valuation of the asset and recording of its full value in the State's financial system.	Division of Wildlife Department of Natural Resources	Agree	September 2009	5. The Division will establish internal controls for fee title and conservation easement acquisitions that will comply with the Department of Natural Resources Accounting Section's Capital Asset Policy and Procedures.	Division Status: Implemented	The Division's real property acquisition procedures have been updated and are now compliant with the Department's Capital Asset Policy and Procedures.
							Department Status: Implemented	All contracts for the purchase of land acquisitions are now approved by the DNR Controller, unless the transaction is deemed high risk. High risk contracts are approved by the State Controller or his designee. With the DNR Controller approval, the contract document is added to the other available documentation supplied by the Division to ensure that sufficient documentation exists to support the asset record entered into the State's financial system. This process was put in place during FY09 and has worked well.

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6	36	Work together to review all fee title and conservation easement interests currently held by the Division of Wildlife to identify any unrecorded donated land values and make appropriate adjusting entries in the State's financial system.	Division of Wildlife Department of Natural Resources	Agree	June 2010	6. The Division will review its real estate files pertaining to fully donated fee title and conservation easement interests, which date back to 1881. Any information found in the real estate files, concerning the value of the real estate interest at the time of the donated transfer, will be reported to the Department to make appropriate adjusting entries in the State's financial system. As for entries into the State's financial system pertaining to those real estate files that do not contain the value of the real estate interest at the time of the donations, the Division will supply the Department with an estimation of value for each donated real estate interest by utilizing the following methodology: The value of those donations will be estimated by establishing a general per acre value for the donated real estate interest. This general per acre value will be established by utilizing the existing data in the real estate files as it pertains to the per acre purchase price of a small sampling of real estate interests which were purchased by the Division in the same general time period as each donated real estate interest was acquired. The small sampling will be averaged, and this average will be multiplied by the number of acres donated, to obtain the estimated value of each donation.	Division Status: Implemented	The Division has provided the donated property value information report to the Department.
							Department Status: In Progress	The Division has reviewed all fee title and conservation easement interests held by the Division, and calculated the donated land value to be recorded on the State's financial system. The DNR Controller is in the process of reviewing the calculation of the donated values of these fee title and conservation easement interests. Such review and posting to the State's financial system will occur prior to the FY 2009-10 year end.
7	40	Adopt and implement a formal policy addressing payment above appraised value for land and land interests. The policy should require that: (a) the Division of Wildlife provide the Wildlife Commission with justification indicating why paying more than the appraised value is reasonable and necessary, (b) the Division of Wildlife retain documentation of the justification in its real estate files, and (c) the Wildlife Commission consider and vote on such transactions separately rather than as part of its consent agenda.	Wildlife Commission	Agree	January 2010 New Date Requested: September 2010	7. The Wildlife Commission concurs with the recommendation and will adopt and implement a formal policy concerning the purchase of real property for more than appraised value to: (a) require that the Division of Wildlife provide a written justification to the Wildlife Commission regarding the proposed purchase of real property for more than appraised value; (b) require that such written justification be retained in the files of the Division of Wildlife's Real Estate Unit; and (c) require that such purchases of real property for more than appraised value be acted on as a separate agenda item and not as part of the Wildlife Commission's consent agenda.	In Progress	The Wildlife Commission implemented this recommendation in practice in January/February 2010. A formal policy addressing the purchase of real property for more than appraised value will be presented to the Wildlife Commission for review at the July 2010 meeting with final adoption anticipated in September 2010.
8	40	Improve due diligence activities for land acquisitions by establishing and implementing written policies and procedures regarding the use of appraisals and review appraisals, including: (a) specifying a purchase price threshold and/or other conditions that will trigger a review appraisal, (b) establishing time frames for when an appraisal must be updated, and (c) requiring that deviations from standard operating procedures be clearly noted in the real estate files.	Division of Wildlife	Agree	February 2010 New Date Requested: September 2010	8. The Division will establish and implement procedures which identify a time frame for when an appraisal must be updated. The Division will also establish and implement written policies and procedures which specify a threshold of an amount to be paid for a property by the Division, at which threshold a review appraisal will be required. All policies and procedures will require that deviations from standard operating procedures be clearly noted in the real estate files.	In Progress	The Division has implemented this recommendation into current practice pending formal approval of a comprehensive real estate management Administrative Directive of which appraisal requirements are one component. The Appraisal section includes purchase price triggers, update and review appraisal timeframes, and record keeping requirements. The Administrative Directive is in draft form awaiting final review.

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9	49	Implement a formal, comprehensive conservation easement stewardship program by: (a) developing written policies and procedures detailing when and how conservation easements should be monitored, as well as how violations or potential violations identified during the monitoring visits should be addressed;	Division of Wildlife	a. Agree	a. July 2010	a. The Division is in the process of finalizing draft written policies and procedures pertaining to stewardship of conservation easements that include when and how easements should be monitored and how violations will be addressed. The written policies and procedures will be in place during 2010, and prior to applying to the Department of Regulatory Agencies for certification to hold conservation easements.	In Progress	A Division Administrative Directive establishing procedures for conservation easement monitoring and for responding to violations is in draft form awaiting final review.
		(b) developing mechanisms such as checklists, field books, and customized monitoring forms to document monitoring activities and ensure the quality, consistency, and accuracy, of monitoring efforts;	t	b. Agree	b. July 2010	b. The Division will continue to improve upon its current monitoring forms and tools. The Division will develop customized monitoring forms applicable to easements that protect a similar interest (such as those conservation easements protecting sage-grouse habitat) and create monitoring forms for categories of conservation easements. The Division will also educate and train staff to ensure proper utilization of the appropriate monitoring form.	In Progress	The Division has developed new conservation easement monitoring forms. Division staff are being trained in June 2010 on the use of the new forms and will begin using the new forms to document conservation easement compliance inspections beginning July 1, 2010.
		(c) improving the conservation easement monitoring database to provide managers and staff with more complete data capture and summary reporting capabilities;	Division of Wildlife	c. Agree	c. December 2011	c. Efforts began in 2008 and are currently ongoing to acquire a greatly improved monitoring database, facilitating data capture, tracking and reporting.	In Progress	The Division received approval from OIT in December 2009 and allocated resources and funds to proceed with the creation of the Asset Information Management System (AIMS) to replace the old real estate database system. Project completion is scheduled for December 2011. Conservation easement monitoring will be incorporated in the new system. Reference Recommendation No. 10 below.
		(d) setting minimum expected oversight responsibilities regarding third-party conservation easements funded with Division funds; (e) ensuring that the State's right of access on third-party conservation easements funded with Division funds is clearly detailed in the deeds of conservation easement, management plans, and funding agreements; and	Division of Wildlife	d and e. Agree	d and e. September 2009	d and e. The Division agrees to establish minimum oversight responsibilities regarding third-party conservation easements funded by the Division. The Division will ensure that the State's right of access to obtain monitoring information both in writing and through onsite inspections for third-party conservation easements is established for easements acquired in the future.	Implemented	The Division met with legal council, determined the Division's obligations and has implemented third-party easement oversight responsibilities and requirements in the 2009 RFP. The process has been incorporated into written procedures for staff and is also part of a draft Administrative Directive. Reference Recommendation 9 (a).
		(f) continuing to train staff involved in monitoring conservation easements on established policies and procedures, monitoring and reporting tools, and electronic systems.	Division of Wildlife	f. Agree	Ongoing	f. Training began on July 14, 2008, regarding the Division's existing monitoring practices. The training curriculum focuses on monitoring conservation easements, identifies available tools for monitoring, and emphasizes the use of electronic systems to report data and run reports. As new policies, procedures, tools, and databases become available, they will be incorporated into the training.	Implemented (ongoing)	Training for Division staff on the new conservation easement monitoring forms created for the implementation of Recommendation No. 9 (b) will occur in June 2010 and training for Division staff on the new conservation easement monitoring data base created for the implementation of Recommendation No. 9 (c) will take place in 2011 when the Asset Information Management System is completed.

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10	52	Improve the accuracy, completeness, and consistency of electronic real estate data by: (a) assessing the business processes supported by the data and making necessary modifications to the database that will reduce ambiguity and allow staff to better capture and report on required information; (b) develop a current, written user manual and data dictionary that clearly define and standardize field values, naming conventions, and instructions for entering, maintaining, and deleting data; (c) using standard queries and reports to routinely report on programmatic data; and (d) reconciling electronic data on a routine basis against other external sources as appropriate.	Division of Wildlife	Agree	December 2009	10. The Division agrees with the recommendation to improve its electronic real estate data systems and associated business practices. The Division has budgeted for and will continue to work on an implementation plan to replace the old system to improve the accuracy, completeness, and consistency of electronic real estate data. An estimated completion date will be available once planning and analysis are complete, OIT approvals are in place, and project resources are assigned. The Division expects to have a project schedule (with an estimated completion date) by the end of December 2009 for the long-term replacement of electronic real estate data systems.	Implemented	The Division received approval from OIT in December 2009 to proceed with the creation of the Asset Information Management System (AIMS) to replace the old real estate data base system. Project completion is scheduled for December 2011.