



# OFFICE OF THE STATE AUDITOR



## FOR IMMEDIATE RELEASE

Contact: Stelios Pavlou (303) 869-2833  
stelios.pavlou@state.co.us

DIANNE E. RAY, CPA  
STATE AUDITOR

October 30, 2017

### STATE LAND BOARD AGREES WITH AUDIT RECOMMENDATIONS FOR IMPROVING OPERATIONS

DENVER—The Colorado Office of the State Auditor (OSA) has released a performance audit of the Colorado Board of State Land Commissioners (State Land Board) and has found that it does not consistently follow requirements to conduct appraisals when buying and selling land, does not determine the fiscal impact of land transactions, and needs to strengthen its oversight of conflicts of interest.

The State Land Board, the trustee of the land granted to Colorado when it became a state, manages about 2.8 million surface acres, and 4 million mineral acres of land. The State Land Board is tasked with generating consistent income for Colorado's K-12 public schools and other beneficiaries and providing long-term stewardship of the land. In Fiscal Year 2017, state lands generated about \$119 million.

When auditors looked at the board's appraisal process, they found that required appraisals were not conducted for 12 of 23 real estate transactions in 2016. Questions were also raised over whether staff followed the board's policies for soliciting and selecting appraisers. The total value of the land in question was \$27 million for Calendar Year 2016. During the same period

OFFICE OF THE STATE AUDITOR  
1525 SHERMAN STREET  
7TH FLOOR  
DENVER, 80203  
COLORADO

303.869.2800

auditors also found that the State Land Board sold 10 properties for development without determining the fiscal impact, which is required by the Colorado Constitution.

Further, auditors found that the State Land Board did not have management plans to protect and enhance the natural values on any of the 104 properties in the Stewardship Trust. This Trust sets apart about almost 300,000 acres of land for extra protections of their natural values.

Separately, auditors found that the State Land Board does not have consistent or adequate processes to detect, review, and mitigate conflicts or potential conflicts of interest among commission members. The State Land Board does outline its expectations on how to handle these issues in its board governance manual but from 2014 through 2016, auditors found that the State Land Board did not always follow its own guidance.

The audit makes 6 recommendations.

The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.